The New Zealand Stock Exchange Governance Code: Investigating calls for improved sustainability reporting and management intentions

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This thesis is dedicated to my parents, my granny, my sister, and my brother.

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Abstract

The purpose of this study is to examine to the current state of sustainability reporting by New Zealand's listed organisations and the likelihood that the revised New Zealand Stock Exchange Corporate Governance Best Practice Code (the NZX Code) will pressure listed organisations to increase their levels of disclosure. This was investigated using mixed methods and in three phases. First, an in-depth quantitative content analysis of the NZX50's publicly available non-financial information was undertaken. The GRI G4 Guidelines were used to assess the disclosures of the NZX50. This was carried out in order to understand of sustainability reporting, both in terms of quantity and quality of disclosure. Second, partially replicating the study of Hackston & Milne (1996), the effects of organisational characteristics on the quantity of non-financial disclosures by the NZX50 are examined. Third, a number of interviews with report preparers from the NZX50 as well as the market regulator were undertaken. These were qualitative semi-structure interviews. By utilising a mixed methods approach, a fuller picture of the current uptake of sustainability reporting and how the changes to the NZX Code might induce improved sustainability reporting in New Zealand has been comprehensively investigated. The researcher findings indicate the quantity of non-financial disclosures among New Zealand's listed organisations are primarily driven by firm size, whereas smaller listed organisations do not typically report. By examining the most and least disclosed GRI items, the findings indicate that listed organisations do well in areas that require basic quantitative and qualitative disclosures, and tend to do poorly in areas where more specific quantitative disclosures are required. Given the NZX's recommendation for ESG reporting is enacted on a *"comply or explain"* regime, the study suggests non-reporting organisations will more than likely utilise an "explain" option as a means of avoiding ESG disclosure. Overall, the study anticipates that it is unlikely that the NZX's recommendation for ESG reporting will have a significant impact on the overall uptake of sustainability reporting in New Zealand, let alone improving its quality.

KEY WORDS: The New Zealand Stock Exchange Corporate Governance Best Practice Code (NZX Code); Sustainability Reporting; Environment, Social and Governance (ESG); The Global Reporting Initiative (GRI); Transparency; Disclosure; Legitimacy; Stakeholders; Institutional; Content analysis; Semi structured interviews; Corporate Governance; and Comply or Explain Principle.

Chapter One

Introduction

1.1 Overview

The objective of this thesis is two-fold. First, the study will attempt to provide insights concerning the current state of 'reporting' and 'non-reporting' among New Zealand's listed organisations. Second, the study will explore how and to what extent the revised New Zealand Stock Exchange Corporate Governance Best Practice Code (the NZX Code) might further induce the uptake of sustainability reporting among New Zealand's listed organisations. The chapter provides a background to this study, drawing on key literature in social and environmental accounting and other relevant studies. This leads to a discussion of the research questions. Contributions of the thesis are then explained concluding with an organisation of the thesis.

1.2 Background

Nowadays, sustainability reporting has become part of an organisation's essential communications that affords the organisation the opportunity to demonstrate it meets and satisfies stakeholders' expectations (Arvidsson, 2010; Autry & Golicic, 2010; Fombrun, 2005; Lougee & Wallace, 2008; Stubbs, Higgins, & Milne, 2013). According to the latest KPMG Global Corporate Social Responsibility (CSR) Survey figures, published in 2017, 95% of the world's 250 largest organisations (G250) and 75% of the top 100 organisations across 49 countries (N100) have engaged in sustainability reporting. Wheeler & Elkington (2001) had earlier suggested that sustainability reporting would move "from a fringe activity pioneered by socially conscious non-mainstream organisations into a credible and serious practice embraced by a number of major corporations" (p. 5). They were not wrong. Sustainability reporting has arguably become a feature of the organisation agenda for many multinationals (Stubbs et al., 2013), and the "day when sustainability reporting is considered an 'optional but nice' activity are past" (KPMG, 2013, p. 18). This poses a question: while mandatory environment disclosure requirements have in fact remained unchanged since 1998 (Clarkson, Li, Richardson, & Vasvari, 2011) and the nature of sustainability reporting is still largely voluntary (Sutantoputra, 2009), why are more organisations disclosing sustainability information to the public?

To elaborate upon this question, various social accounting researchers have studied why some organisations undertake sustainability reporting, and what drivers exist in the external (societal) and internal (organisational) environment for doing so (Bebbington, Higgins, & Frame, 2009). It seems that the most prominent justification lies in the social and environmental impacts of organisational activities and according to Clarkson et al. (2011), environment and social issues have attracted attention from a wider range of stakeholders, and these concerns have become part of the public discourse with demands from stakeholders for trustworthy information in relation to corporate environmental and social impacts. Evidently, an outgrowth of this development has been the diffusion of reporting at an unprecedented rate in order to meet and satisfy stakeholders' expectations of organisations (Arvidsson, 2010; Autry & Golicic, 2010; Bebbington et al., 2009; Fombrun, 2005; Hackston & Milne, 1996; Higgins, Stubbs, & Milne, 2018; Lougee & Wallace, 2008; Stubbs et al., 2013).

For this reason, sustainability reporting has slowly integrated into organisational mainstream business practice (Cerin, 2002; Milne & Gray, 2013), where a number of organisations have developed governance processes which allow the organisations to communicate sustainability efforts to a wider spectrum of stakeholders (Ioannou & Serafeim, 2017). In the development of modern societies, corporate governance has been seen as one of the foundations in establishing standards of organisational ethics, which particularly aims at reducing unscrupulous corporate business practices, while also preserving a fair business environment (Fung, 2014). This justification can be traced back to corporate scandals taking place in ethical, social and environmental arenas (e.g., Enron, WorldCom, exploration of child and forced labour, and increased of pollution and CO_2 emission) (Arvidsson, 2010; Kolk & Pinkse, 2010; Turker & Altuntas, 2014), resulting in the social role of the organisation to be called into question. With ongoing public scrutiny faced by organisations on various ends (Allouche, 2006), it is crucial for organisations to find "new" and "active" ways to engage with their stakeholders (Stubbs et al., 2013), and one way for the organisations to engage with their stakeholders is to undertake sustainability reporting (Buhr, 2010).

Over time, the new wave in the international business environment have led many of the major business world leaders to take serious steps in reviewing and altering the nature of the content of traditional business reporting (Ballou, Heitger, Landes, & Adams, 2006). Recent trends in organisational reporting have placed much emphasis on the importance of non-financial disclosure, and a key attribute is the expectations of stakeholders for an organisation to comply with the standards relating to transparency, disclosure and governance (Fung, 2014). Of significance, stakeholders, both internally and externally, no longer just evaluate the organisation from a financial point of view, but also by its non-financial performance (Eccles, Serafeim, & Krzus, 2011; Kolk & Pinkse, 2010; Popa, Blidişel, & Bogdan, 2009). This has resulted in a large number of regulators, in particular stock exchange authorities, from around the world concurrently reviewing their own respective corporate governance codes to ensure that organisations are focused on long-term performance (Ioannou & Serafeim, 2017). This has further raised a global awareness of the importance of sustainability, transparency and disclosure in corporate governance (Fung, 2014; Kolk & Pinkse, 2010).

In part this is clearly something to do with evaluating the transparency of operation(s), removing information asymmetry between investors and organisations, and complying with stakeholders' expectations, through disclosure in order for them to make well-informed investment decisions (Daub, 2007; Fung, 2014; Legendre & Coderre, 2013; Milne & Patten, 2002). Thus, the concepts of sustainable reporting, corporate sustainability and corporate social responsibility have gained significant traction, resulting in increased expectations for organisations to publicly report (Higgins et al., 2018). And this raises a question: beyond voluntary non-financial disclosure, how and to what extent do corporate governance guidelines imposed by a stock exchange on its listed members result in an uptake of sustainability reporting and, therefore, promote further transparency and disclosure at an organisational level?

1.3 Research questions

Social and environmental accounting scholars have found a variety of motives for why organisations undertake sustainability reporting (Autry & Golicic, 2010; Ball, 2005, 2007; Buhr, 2010; Higgins et al., 2015; Higgins et al., 2018; Lougee & Wallace, 2008; Milne & Patten, 2002; Scott & Christensen, 1995) or remain non-reporters (Adams, 2002; Bebbington et al., 2009; Fifka, 2013; Martin & Hadley, 2008; Mitchell & Hill, 2009; Stubbs et al., 2013; Wright, Milne, & Tregidga, 2016). A recent study, however, indicates national governments and stock exchange authorities can also play crucial roles in coercing the uptake of sustainability reporting (Ioannou & Serafeim, 2017). To improve and further encourage sustainability reporting, national governments and stock exchange authorities can help standardise corporate governance guidelines for an organisation to report against, and/or impose laws and regulations that mandate sustainability reporting (Dierkes & Antal, 1986; Ioannou & Serafeim, 2017). The provision of non-financial disclosure appears to be one of the most prominent aspects within the corporate governance code that market regulators are intent to fortify, for example through mandatory non-financial information disclosure in relation to

ESG (environmental, social and governance) or mandatory IR (integrated reporting) (Ioannou & Serafeim, 2017).

In the context of New Zealand there are no regulatory requirements for ESG reporting. For this reason, the New Zealand Stock Exchange (NZX) has followed suit with the rest of world to promote and implement some type of regulatory requirements, whereby they have committed to reform their current NZX Code. Specifically, they have revised Principle 4 (Reporting and Disclosure) within the NZX Main Board Listing Rules (Listing Rules). The reform is situated on the principal ideal of the provision of non-financial information disclosure in relation to ESG reporting, and encourages organisations to provide ESG reporting. This results in changes to the NZX's reporting requirements, whereby enforcing, in a sense of recommending on a *'comply or explain'* basis, every equity issuer to disclose the non-financial information in relation to ESG issues. This is extremely critical if New Zealand does not wish to lag behind in "the global maturing of sustainability reporting" (KPMG, 2013, p. 18). In the NZX's own words, the revised NZX Code will help to align the code with current international best practice, and "keeps issuers accountable to stakeholders" (NZX, 2016, p. 19), as well as improving the overall transparency, disclosure, and consistency of sustainability reporting produced by the NZX's equity listed issuers.

To better understand how and to what extent the NZX's ESG reporting requirements may affect organisational actions toward sustainability reporting, it is crucial to initially make sense of the overall extensiveness of the current state of 'reporting' and 'non-reporting' among New Zealand's listed organisations. To achieve this, this study employs the Global Reporting Initiative (GRI) guidelines, GRI G4, as a mechanism for content analysis with the intention of gaining an in-depth analysis of the quality of reporting among the NZX listed members. This essentially helps the researcher identify the pattern of the current state of quality of reporting among New Zealand's listed organisations. Thus, this provides the motivation for the first research question:

RQ1 *- What is the current quantity and quality of non-financial disclosure among the largest 50 New Zealand listed organisations?*

Surrounding the planned changes to the NZX Code, an initial step was taken to investigate the non-financial disclosures of all NZX-listed organisations. This permitted an understanding of the position of New Zealand listed organisations and their level of commitment to non-financial information disclosures. The results were a disappointment. The initial investigations indicated a majority of listed organisations do not disclose non-financial information systematically (see Appendix 2.1). A Venn diagram illustrates a low uptake of sustainability reporting, where 95 out of 133 listed equity issuers do not report. The investigation can be reinforced with the recent KPMG global surveys, conducted in 2011 and 2013, where they report that NZ has remained in the "bottom quartile" in terms of sustainability reporting. This means that NZ is (still) far away from leading practice as seen in other jurisdictions. Thus, this affords a second research question:

RQ2 *- What is the likely effect of the revised disclosure requirements in the NZX Code to further induce the uptake the sustainability reporting among New Zealand's listed organisations. And what effect will it have on the quality of sustainability information among the largest 50 New Zealand listed organisations?*

Finally, to unveil these dynamics altogether, once the pattern of the current state and quality of reporting among New Zealand's listed organisations are known, a more comprehensive investigation can take place. Next the investigation turns to the motives underlying the reporting behaviour of New Zealand's listed organisations. Using semi-structured interviews, the study was able to provide insights concerning the uptake of sustainability reporting in New Zealand and how the new proposed updates to the NZX Code may or may not induce some of the largest listed organisations to undertake sustainability reporting or further improve it. Past literature suggests that disclosure of non-financial information has significant consequences on managerial practice (Adams, 2002; Dierkes & Antal, 1986; Eccles, Ioannou, & Serafeim, 2012; Eccles et al., 2011). This gives rise to the third research question:

RQ3 *- What are managers' perceptions and attitudes toward the changes to the new NZX code in the short, medium and long term and how might this change their disclosure practices?*

1.4 Contribution to Knowledge

This research makes five contributions to knowledge in the area of sustainability reporting. First, in most studies, sustainability accounting scholars have long been interested in understanding the characteristics and motivations of the organisations that are reporting (Cormier & Gordon, 2001; Cormier & Magnan, 1999; Marshall & Brown, 2003; Roberts, 1991; Stubbs et al., 2013), whereas there has been relatively less interest in why organisations do not engage in sustainability reporting. Consequently, non-reporting has been less researched and relatively little is known (Bebbington et al., 2009; Stubbs et al., 2013). Hence, this thesis intends to broaden the scope of this understanding. Moreover, it has a potential to develop new contributing factors, in terms of social and organisational themes, relating to non-reporting in the New Zealand context. Although, the social and organisational factors that were found to explain reporting and non-reporting are not a whole lot different from the early explorations of the motivations, drivers and barriers associated with sustainability reporting. A finding from this research thesis, however, highlights that the lack of understanding around the value of sustainability reporting is the greatest threat that prevents the uptake of sustainability reporting in New Zealand.

Second, the scope of this research is timely because this is the first time that the NZX has made such reporting requirements for listed organisations. The focus will be on 'non-reporting' organisations as well as 'reporting' organisations within the NZX. The rationale lies on the fact that New Zealand has remained in the "bottom quartile" in terms of sustainability reporting since the last KMPG global survey conducted in 2011 as well as in 2013 (KPMG, 2011, 2013).

As Choudhury (1988) explains, “the absence of accounting may tell researchers a lot about the nature of accounting and its existence” (p. 550). To relay this context into a simple sentence, Higgins et al. (2018) assert “non-reporters provide a contrast to reporting firms and isolate influences on reporting that are difficult to detect when reporting occurs” (p. 1). By distinguishing non-reporting from reporting organisations, a researcher may discover new convincing arguments that might explain why large listed organisations may choose to go against the new NZX Code and not plan to undertake sustainability reporting, but rather “explain” why not. Findings of this research study argue that the NZX’s recommendation will exert relatively little pressure on an overall uptake of sustainability reporting among New Zealand’s listed organisation because an *“explain”* option allows smaller listed organisations to explain why they deviate from the Code’s provisions while still maintaining their legitimacy. And, they are more than likely to do this by imitating or mimicking the statements of compliance provided by larger listed organisations, especially the NZX50, as a strategic response in order to gain and maintain their legitimacy.

Third, this study not only examines why listed organisations might choose to avoid sustainability reporting, but this research is also interested in the current state of sustainability reporting practices by those listed organisations within the NZX that do report. To achieve this objective, the study has constructed a tool, in accordance with Clarkson, Li, Richardson, & Vasvari (2008) and Sutantoputra (2009), to specifically capture and measure the extensiveness of sustainability information. This quality index template predominantly focuses on the key performance indicators in relation to economic, environmental and social components, which are based on the GRI G4 guidelines. Clarkson et al. (2008) suggest good environmental performers incline to have a higher ratio of hard disclosure items as opposed to soft disclosure items. Findings of this research thesis indicate that the quality of sustainability-related information disclosed by the NZX50 can be summarised as inadequate. Organisations do well in areas that require basic disclosures and tend to do poorly in areas where more specific disclosures are required, regardless of industry sensitivity. Consequently, the study further argues the need for increased ‘quality’ of sustainability-related information, not simply more disclosures. Furthermore, the findings of thesis on the quality of sustainability reporting among New Zealand’s listed organisation serve as a benchmark, and raise a number of potential avenues for future research.

Fourth, this study partially replicates and provides a 25 year update of the study of Hackston & Milne (1996), which contributes to knowledge in itself. To ensure that the research findings are at least comparable to one another, the researcher has kept all independent and dependent variables the same. However, in order to contribute to knowledge as just discussed, a more robust and standardised quality index template is used. Findings of this replication highlight that sustainability reporting among New Zealand’s listed organisations is primarily driven by firm size. More specifically, size is most influential among high-profile industry organisations, and less so among low-profile industry organisations. A result consistent with Hackston and Milne (1996).

Finally, this research provides valuable input and contribution to a policy-making process. Through interacting with managers of the organisations in relation to the NZX’s recommendation for ESG reporting, the findings indicate that, in the absence of mandatory sustainability reporting requirements, organisations need to be coerced to adopt reporting. Hence, the study suggests if the NZX Code is to have any real impact on the overall uptake of sustainability reporting in New Zealand, the NZX’s recommendation of ESG reporting should be regulated in a form of mandatory reporting, rather than enacting it on a *“comply or explain”* basis.

1.5 Structure of this thesis

The remainder of this thesis is structured as follows: Chapter Two outlays the general overview of sustainability reporting, defines practice, and discusses the importance of sustainability reporting at the organisational level. It also provides a background to the GRI guidelines, which are used as a basis for constructing a quality reporting index. Together with the historical context of the New Zealand Stock Exchange, the rationale behind the revised NZX Code and, additionally, a brief discussion of the feedback on the proposed changes to the NZX Code from the perspectives of market participants. The chapter concludes with the theoretical framework discussion of past relevant literature. The discussion of the research methodology appears in Chapter Three, including an overview of data collection and analysis. Chapter Four and Five present the quantitative and qualitative research findings, respectively. A discussion of the findings is provided in Chapter Six. Chapter Seven covers the study's conclusions, recommendations, directions for future research, concluding statement, and limitations. References and appendices, respectively, follow.

Chapter Two

Literature Review

2.1 Overview

This chapter consists of several sections. The first section will provide a general overview of sustainability reporting, define the practice, and disuses the importance of sustainability reporting at the organisational level. The second section provides a brief historical background into the GRI guidelines, how the GRI guidelines will be used to generate a quality reporting index, and why the GRI guidelines are feasible for this research regime is discussed with the past relevant literature. The third section will provide a brief synthesis of the historical context of the New Zealand Stock Exchange, the rationale behind the revised NZX Code, a brief discussion of the feedback on the proposed changes to the NZX Code from the perspectives of market participants and, additionally, the effectiveness of the NZX Code under the *'comply or explain'* regime is discussed. And the last section will introduce a theoretical framework harnessing transparency and sustainability disclosure theories.

2.1 Sustainability Reporting

A sustainability report is a report published by an organisation, which comprises of the following disclosures: economic, environmental and social performance. The GRI defines sustainability reporting as:

> "*…the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development…*" (GRI, 2002, p. 4)

According to Dyllick & Hockerts (2002), the distinctive conceptual framework of corporate social responsibility started to generate broader interest in the 1960s in the US and the UK, and spread to continental Europe in the early 1970s. Over the last two decades, corporate sustainability reporting has developed into a broader more mainstream global business practice, where the patterns of reporting have already spread to three quarters (75%) of the top 100 organisations across 49 countries (N100) surveyed in 2017 (KPMG, 2017). In the context of sustainability reporting, this is optimistic news because it potentially indicates that organisations and investors are becoming increasingly engaged and aware of sustainability issues. Along these lines, corporate sustainability initiatives can be diverted into two different modules: internal and external.

The concept of internal corporate responsibility relates to how the implementation of an internal corporate sustainability-reporting program will give an organisation a competitive advantage. This view can be supported by the literature of Stephenson (2009), where he asserts that if an organisation can successfully implement a sustainability-reporting program, the programme will give an organisation a competitive advantage that will help the organisation to improve its long-term performance and risk management, which enhances its value-added activities. Correspondingly, when this programme is implemented at the organisational level, sustainability reporting can alone be described as meeting the needs of an organisation's direct and indirect stakeholders (such as shareholders, employees, customers, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders (Dyllick & Hockerts, 2002). Barnett & Salomon (2006) summarised five key benefits for why an organisation may choose to become sustainable: (1) it is easier for the organisation to attract resources from an open market; (2) the organisation can attract and retain quality employees; (3) it increases marketability of the organisation's products and services; (4) it affords the organisation with the unforeseen opportunities; and (5) it offers the organisation with a competitive advantage. Drawing on the prior literature, Adams (2002) argues that the internal organisational structure may affect the nature and the quality of sustainability reporting, and suggests that management attitudes are equally vital in how the value of sustainability reporting is perceived and carried out (Bebbington et al., 2009).

While the above mentioned benefits are realised at an organisational level, 50 years ago, the traditional concept of external corporate social responsibility (see Friedman, 1971) departed from the initial concept of "shareholders" to emphasise "stakeholders" (Estes, 1976; Freeman, 1984; Ramanathan, 1976). It appears that compliance with the norms of certain stakeholders enables organisations to receive continuous support from the societies in which they operate (Clarkson et al., 2008; Arvidsson, 2010), and is a significant determinant of organisational growth (Galant & Cadez, 2017). Consequently, an external module of CSR emerged, whereby some organisations focus explicitly on stakeholders' expectations (Milne, Tregidga, & Walton, 2009; Milne & Gray, 2013) in order to ensure better corporate governance, transparency and accountability. Thus, emerging organisations are now working towards satisfying their stakeholders' expectations and demands (Deegan & Samkin, 2008).

Overall, the internal and external perspectives are useful ways to examine the nature and the quality of sustainability reports produced by organisations, because a researcher is led to believe that external corporate sustainability, to a certain extent, reflects the internal dynamics of how the value of sustainability is being perceived by managers in the organisation. This implies that an organisation with a strong internal corporate sustainability program should have a clearer view of its long-term performance that enables them to produce a trustworthy sustainability report, and be seen as socially and environmentally responsible. Unfortunately, there are cases where the internal and external perspectives are not interconnected with each other. Thus, this provides an opportunity for a researcher to gain an in-depth understanding of the quality of sustainability reporting produced by listed organisations in the NZX and additionally, helps to identify the patterns of the current state of reporting in New Zealand for a further analysis.

2.1.1 Motivations for organisations' sustainability reporting

Truth be told, it seems trust in business is deteriorating (Dilling, 2010). This leads organisations to find "new" and "active" ways to creatively engage with their stakeholders (Wheeler and Elkington, 2001; Stubbs et al., 2013). One way that organisations can engage with their stakeholders is to undertake sustainability reporting (Buhr, 2010). At face value, reputation is perceived to be one of the core motivations for why organisations may voluntarily engage in sustainability reporting. Fombrun & Rindova (1996) define a corporate's reputation as the overall estimation of an organisation by its stakeholders, which is expressed by the net affective reactions of customers, investors, employees, and the general public. Good reputation is considered to be the most valuable intangible asset for an organisation, and is becoming increasingly significant in determining the value of an organisation, as it provides the organisation with a competitive advantage (Roberts & Dowling, 2002; Schwaiger, 2004; Toms, 2002).

Prior empirical research by Chauvin & Hirschey (1994) suggests that improving an organisation's reputation creates goodwill and, ultimately, has a positive effect on the market value of the organisation. In essence, an organisation with a good sustainability reputation is able to improve its relationship with its external stakeholders, such as customers, investors, bankers, suppliers and competitors. Some literature asserts that an organisation's actions towards sustainability would, in the near future, be critical for organisations to survive and compete (Atkinson, 2000; Porter & Van der Linde, 1995; Wheeler & Elkingto, 2001), as well as offering a number of additional and attractive advantages (Gray, Owen, & Adams, 1996; Marshall & Brown, 2003).

However, do not judge a book by its cover, since there is also concern in regards to greenwash. Chen & Chang (2013) define greenwash as the act of misleading consumers regarding the environmental practices of an organisation. In recent years, many organisations have turned to greenwash in order to make themselves look more socially and environmental responsible so they can try to enhance their stakeholder trust, and appear to conform to societal expectations (Ball, 2005, 2007; Milne & Patten, 2002; Scott & Christensen, 1995). As a result, greenwash can be a household tactic for an organisation to get ahead of their competitors by enhancing its appeal to consumers. Some organisations may exploit greenwash by selectively disclosing only positive information about their sustainability performance without revealing negative information and so build up positive organisation images (Lyon & Maxwell, 2011; Milne & Gray, 2013). Aside from having a good reputation, there is almost an indefinite array of motivations for why organisations may engage in sustainability reporting, such as social responsibility and accountability (Buhr, 2010; Bansal & Roth, 2000; Gray et al., 1996); for strategic legitimacy reasons (Higgins, Milne, & Van Gramberg, 2015; Higgins et al., 2018; Stubbs et al., 2013); and to meet its stakeholders' expectations, both internally and externally (Buhr, 2010; Deegan, 2009; Deegan & Unerman, 2006; Fombrun, 2005; Lougee & Wallace, 2008).

It appears that without a quantified level of stakeholder pressure and interests, it is naive to assume organisations will undertake significant steps toward more "comprehensive and demanding forms of documenting the social impacts of its activities" (Dierkes & Antal, 1986, p. 112). Reasons for why organisations do not undertake sustainability reporting have been well documented by a number of past studies, which include: a failed role of business intermediaries (Wright et al., 2016); a lack of external stakeholder pressure (Bebbington et al., 2009; Stubbs et al., 2013); organisational management priorities lie with shareholder interests (Stubbs et al., 2013); there are no perceived benefits (Stubbs et al., 2013); sustainability reporting is nice-to-do, but not a must-do (Stubbs et al., 2013); a compliance culture towards sustainability (Stubbs et al., 2013); a culture that does not encourage reporting (Stubbs et al., 2013); organisational structure that does not facilitate sustainability reporting (Stubbs et al., 2013); organisational internal characteristics (Adams, 2002; Fifka, 2013); and management doubts (Martin & Hadley, 2008; Mitchell & Hill, 2009). At face value, it is clear that these justifications may be perceived as legitimate reasons for why organisations may not voluntarily engage in sustainability reporting. While past literature accepts the fact that motivations for why organisations may engage in sustainability reporting are complex (Gray, 2005), the complexity seems nowhere near the underlying motivations for why organisations do not engage in the reporting.

2.2 The Global Reporting Initiative (GRI) Guidelines

This research focuses on the use of the GRI guidelines in assessing the quality of organisations' sustainability information. First, the background of the GRI is vital in understanding the concept of quality assessment and how the GRI helps to achieve it. In the last few decades, Ramanathan (1976) called for the implementation of CSA (corporate social accounting) with the objective of providing systematic information about an organisation's social performance, yet today we still fall short of generally accepted sustainability reporting standards (Galant & Cadez, 2017). Nevertheless, several sustainability reporting initiatives have emerged in recent years - such as, the global reporting initiative (GRI), AccountAbility's AA1000 - principles standards, the United Nations Global compact communication of progress (COP), and ISO 26000. Due to the absence of a unified sustainability-reporting framework, the GRI guidelines were founded in 1997 by the Coalition for Environmentally Responsible Economics (CERES) and the United Nations Environmental Programme (UNEP). The GRI released its first publication in 2000. The objective was to guide organisations in constructing sustainability reports that integrated social, environmental and economic factors in their organisations' annual reports, and established guidelines as an internationally accepted framework that promoted comparable sustainability reporting.

Soon after the first publication by the GRI in 2000, the GRI has intensively continued to reform and update their guidelines consistently. The second version, G2, was soon released in 2002, G3 in 2006, G3.1 in 2011, G4 in 2014, and the most recent version, the GRI standards, was released in 2016. The motivation was to ensure the effectiveness of assessing the quality of sustainability reporting and stay up-to-date, due to growing concerns and demands about the environmental and social impact of organisational activities. Likewise, on the GRI's website, the GRI has explicitly stated that they are consistently developing the guidelines and reviewing them periodically to allow any organisations to provide effective sustainability reporting (GRI, 2013)

The GRI guidelines provide a framework for voluntary economic, environmental and social disclosure (Brown, de Jong, & Levy, 2009). However, in the context of voluntary disclosure, this may send a signal for organisations to not have disclosure of every topic under the GRI guidelines (Milne & Gray, 2013). Given the nature of voluntary disclosure, organisations may take advantage of this loophole to enhance their reputation by means of a selective reporting of indicators (Boysen, 2009). Despite the weaknesses in the GRI guidelines, many researchers still consider the GRI guidelines to be the most appropriate mechanism in measuring the quality of sustainability information as they are widely recognised and embraced by many organisations from around the world (Adams, 2004; Gallego, 2006; Gamerschlag, Möller, & Verbeeten, 2011; Roca & Searcy, 2012; Skouloudis & Evangelinos, 2009). In line with the latest KPMG Global CSR Survey, figures show 75% of the G250 and 63% of the N100 have applied the GRI framework as part of their sustainability reporting practices (KPMG, 2017). Thus, the use of GRI guidelines is appropriate in this study.

2.2.1 Content Analysis Vs Disclosure Indices

There are two prominent approaches in measuring the quality of disclosure in sustainability reporting (Guthrie & Abeysekera, 2006). The first approach looks at content analysis and the other looks at disclosure indices. Content analysis is the method of codifying the content or text of a piece of writing into categories based on selected criteria (Guidry & Patten, 2010; Milne & Adler, 1999; Weber, 1990). However, a key concern of this approach lies on its major limitation, which focuses on quantity not quality of disclosure, and has been widely criticised (Gray et al., 1996; Guidry & Patten, 2010; Guthrie & Abeysekera, 2006; Milne & Adler, 1999). Theoretically speaking, this approach only captures the quantity of disclosure, such as the number of words, sentences, and pages, and the presence or absence of disclosure items. Despite a wide range of criticisms, past literature suggests that these simple measures are not reliable in assessing the quality of sustainability reports (Clarkson et al., 2008).

In contrast, a disclosure index emphasises more on the quality of disclosure as it assesses, compares, and explains differences in the extent and comprehensiveness of sustainability disclosures (Marston & Shrives, 1991). Coy (1995) defines the concept of disclosure indices as a research instrument comprising a series of pre-selected items which, when scored, provide a measure that indicates a degree of disclosure in the specific context. For instance, the GRI guidelines are disclosure indices because they measure the degree of disclosures against the index.

Despite a wide range of criticisms, the method most often used to analyse the content of sustainability reports is content analysis. However this thesis focuses on the quality of sustainability reports and the degree to which the requirements of the GRI guidelines (the GRI guidelines prescribe performance key indicators to assess the quality of an organisation's sustainability report) has been complied with (Clarkson et al., 2008). For this reason, the disclosure index approach is more suitable, and is aligned with its research objectives. In addition, the use of a disclosure index has an advantage of allowing for direct comparisons with previous research literature, but its difficulty lies in the subjective nature of its use.

Determining the extent to which disclosure requirements of each performance indicator are covered by sampled organisations' sustainability report relies on the researcher's judgement of what is significant and important. Hence, the disclosure index is only valid when it is used appropriately with an honest judgement (Marston & Shrives, 1991; Milne & Adler, 1999; Galant & Cadez, 2017), otherwise this can detract from the reliability of the research findings overall.

Clarkson, Li, & Richardson (2004) suggest that there are two types of environmental performers out there in regard to environmental disclosures: good environmental performers which over comply with current environmental regulations and poor environmental performers which engage in minimum compliance with current environmental regulations. To distinguish between the qualities of good sustainability performance as opposed to poor sustainability performance, Clarkson et al. (2008) have contributed a way of measuring the quality of sustainability reports using the GRI. To do this, they divided the GRI performance indicators in relation to economic, environmental and social elements into two categories: hard and soft disclosure items.

A hard disclosure item is a disclosure item that cannot be easily mimicked by a poor environmental performer. More specifically, it focuses on the quantitative side of key performance indicators, such as direct GHG emissions (scope 1), total % of water use and total % of transported waste. They are disclosure items that a poor environmental performer cannot replicate. On the other hand, a soft disclosure item is a disclosure item that is not easily verifiable and lacks creditability, in regard to organisation's clams to be environmentally and socially committed. This focuses on the qualitative side of key performance indicators, such as employees training, existence of response plans for environmental accidents or community involvement. By incorporating this framework into this study, it becomes possible to assess the quality of sustainability information by examining the ratio of hard to soft disclosures.

Clarkson et al. (2011) conclude that it is feasible to distinguish the quality of sustainability information produced by an organisation by observing the ratio of hard to soft disclosure items from the organisation's sustainability report. A good sustainability performer organisation would be expected to have a higher degree of hard disclosure items, whereas a poor sustainability performer would expected have a lower degree of hard disclosure items, in comparison to soft disclosure items. This notion is integrated into this research's template for quality assessment of an organisation's sustainability information.

2.2.1.1 Partition of Index

Since economic, environmental and social performance indicators are mutually exclusive to one another. It is possible to partition out the hard and soft disclosure items into component parts, which allows each factor to be assessed individually. By being able to partition out the index, this permits the distinction between two reports with the same aggregated results. Hence, it is possible to compare the results between two distinct groups, 'reporting' and 'non-reporting' organisations, within the specific performance indicators in relation to economic, environmental and social performance indicators (Chapman & Milne, 2003; Milne, Tregidga, & Walton, 2003).

2.2.2 Past literature

There has been a growing body of research on corporate sustainability reporting, however only few studies have explicitly focused on the reporting content (Roca & Searcy, 2012). Adams & Frost (2008) had previously stressed that future research scholars should incorporate key performance indicators in their studies. To date, too few studies have actually done this, particularly in the New Zealand context (Chapman & Milne, 2003; Milne et al., 2003).

One of the earliest explorations of the quality and completeness of sustainability reporting among New Zealand's organisations can be traced back to the study by Milne et al. (2003). In their study, using the UNEP/SustainAbility scorecard, the researchers conducted an in-depth review to explore the quality and completeness of the sustainability-related content produced in 2001 by eight New Zealand's early sustainability reporters. With exceptions of two organisations, their findings indicated that the quality and completeness of sustainability-related content produced by these organisations were relatively patchy when compared to international best practice at the time. In particular, the organisations tend to do well in areas that require basic quantitative and qualitative disclosures (e.g., corporate context, reporting policy, environmental auditing, employees, and local communities), and poorly in areas where more specific quantitative disclosures are required (e.g., water consumption, waste and effluents, environmental impacts, and environmental spending).

Expanding on the above literature, further insights into New Zealand's sustainability reporting practices can also be gained by utilising a bigger sample size. Chapman & Milne (2003) conducted a follow-up study that examined the sustainability-related content of 30 New Zealand's organisation reports produced in 2002. In a similar vein, their findings were not a whole lot different from the early explorations of the study of sustainability-related content provided by Walton et al. (2003), and further suggested that the most commonly sustainability-related disclosures were "issues that many would consider minimum staples in a stakeholder reporting diet: namely, corporate context, health and safety, employees, charitable donations, local communities, customers, and policies." (p. 9).

Using the GRI framework, Gallego (2006) conducted an in-depth analysis of 19 Spanish organisations to explore how and to what extent these organisations made use of the economic, environmental and social indicators in their sustainability reports. Her findings indicated that the most frequently used GRI's "environmental" indicators were "energy, water, biodiversity and emissions, effluents and waste" (p. 1), whereas "labour, practices and decent work, strategy and management, non-discrimination, freedom of association, child labour and forced and compulsory labour" (p. 1) were the most frequently used GRI's "social" indictors discussed. The analysis further indicates that the industry sector influences the nature, the type and the amount of GRI indicators disclosed. For example, organisations that operate in high-environmental impact industries (e.g., energy and water) tend to put an emphasis on specific environmental and social indicators, such as "indirect economic impacts, amount of impermeable surface, number of IUCN [International Union for Conservation of Nature] red list species with habitats in areas affected by operations, other relevant indirect greenhouse gas emissions, evidence of substantial compliance with the ILO [International Labour Organization] Guidelines, amount of money paid to political parties and institutions and description of policy, procedures and compliance mechanisms for preventing anti-competitive behaviour" (p. 91). Furthermore, it is important to acknowledge that the majority of disclosure items disclosed among these organisations came from the GRI's "economic" indicators.

Skouloudis & Evangelinos (2009) conducted a comprehensive analysis of 17 Greek organisations' sustainability reports over two periods between 2005 and 2006 to explore the quality and completeness of sustainability reports produced by these organisations. Their findings indicated there had been an improvement in the comprehensiveness of the sustainability reports produce by these organisations over these periods, however the quality and completeness of sustainability reports produced were typically not that great. In particular, the majority of disclosure items disclosed came from the GRI's "economic" indicators, whereas the most commonly the GRI's "environmental" indicators were "energy and water consumption, carbon dioxide (CO_2) emissions, and internal initiatives to improve energy efficiency" (p. 53). As regards to the GRI's "social" indicators, the researchers did not explicitly state the most disclosed social indicators, however the researchers noted that social issues such as “workplace health and safety policies and measures, employee education and skill management (including average hours of training per employee), and the benefits that employees receive from the organization” (p. 54) were frequently disclosed.

Similarly, Roca & Searcy (2012) conducted an in-depth content analysis of 94 Canadian organisation’s sustainability reports published in 2008 to identify the disclosure behaviours, and explore the most and least disclosed GRI indicators among these organisations. Their findings indicated that 31 of the 94 organisations used the GRI framework in their sustainability reports, and further suggested the GRI indicators disclosed by these organisations varied considerably by sector. While the GRI’s “Economic” indictors were widely reported among these organisations, the analysis further indicated organisations that operate in high-environmental impact industries (e.g., oil and gas, mining, steel, and transport) tend to put an emphasis on environmental indicators. Although the most frequent GRI indicators disclosed among these organisations were still considered to be “minimum staples in a stakeholder reporting diet” (Chapman & Milne, 2003, p. 46) - such as, EC1 (direct economic value generated and distributed), LA1 (total workforce by employment type, employment contract, and region), EN3 (direct energy consumption by primary energy source), EN16 (total direct and indirect greenhouse gas emissions by weight), and LA13 (composition of governance bodies and breakdown of employees per category).

From the conducting this literature review, there are very few studies that actually examines the disclosure of GRI indicators in sustainability reports of organisations - more specifically, how and to what extent New Zealand’s listed organisations are embedding sustainability reporting in their disclosure practices has yet to be comprehensively investigated in terms of utilising the GRI framework. As noted by Daub (2007), a report can only be considered a sustainability report when it consists of “qualitative and quantitative information on the extent to which the company has managed to improve its economic, environmental and social effectiveness and efficiency” (p. 76). Hence, further research that investigates the disclosure of GRI indicators in sustainability reports of New Zealand’s listed organisations is therefore needed.

2.3 Corporate Governance

A complete and symbolic definition of corporate governance can be elusive, almost non-existent, as “corporate governance is a broad and complex concept that incorporates almost every aspect of corporate life” (Anand, 2007, p. 77). Many are lost for words that will capture everything that corporate governance is (Kolk & Pinkse, 2010). The area of corporate governance is far more complex and dynamic than it looks. Due to increased regulatory requirements and greater public scrutiny imposed on organisations, this creates increased extra responsibilities for board of directors to comply with rigorous governance standards, and meets the expectations of stakeholders for transparency and accountability (Fung, 2014). Corporate governance has become an integral element of every organisation, and is embedded deeply within the organisation because good corporate governance essentially “promotes investor confidence and provides the mechanisms by which organisations, and those in control, are held to account.” (NZX, 2015, p. 3).

In early literature, corporate governance was seen as a system utilised to protect investors’ interests or the suppliers of finance (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 2000; Picou & Rubach, 2006; Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1997; Trong Tuan, 2012). However, due to the current growth of modern societies, this view is no longer acceptable. Friedman (1971) argued the only responsibility of an organisation is to maximise profits and return for their financial shareholders. He was wrong. In the last few decades, it seems corporate scandals, particularly accounting and ethical scandals, such as Enron, WorldCom and Parmalat, have caused a big stir in the corporate scene, and the social role of organisations have been called into question (Kolk & Pinkse, 2010). As such, organisations are starting to look beyond financial accountability as the sole route to creating shareholder value, resulting in a departure of the initial concept of corporate governance to a stakeholder-based approach (Money & Schepers, 2007).

To ensure that corporate governance is accurately defined and aligns with the scope of this study, a definition of corporate governance must bring the perspective of stakeholders (Trong Tuan, 2012) into account. Hence, a definition of corporate governance can be found from Ethical Investment Research Services, where they define it as:

> "*a set of relationships between a company's management, its board, its shareholders and its stakeholders. It is the process by which directors and auditors manage their responsibilities towards shareholders and wider company stakeholders. For shareholders it can provide increased confidence of an equitable return on their investment. For company stakeholders it can provide an assurance that the company manages its impact on society and the environment in a responsible manner*" (Maier, 2005, p. 5)

Because trust in business is deteriorating (Dilling, 2010), this successively leads to numerous rules and regulations beginning to reform (Fung, 2014), via ensuring that organisations maintain a healthy long-term focused organisational culture (Eccles et al., 2012), and meeting "society's expectations in relation to organisations' environmental, social and ethical responsibility" (Money & Schepers, 2007, p. 2). In particular, this increased alignment between corporate governance and sustainability has been reflected through the development of more formal governance structures, such as dedicated sustainability personnel, the publication of sustainability reports, and the implementation sustainability board committees (Money & Schepers, 2007).

The importance of corporate governance is widely acknowledged by both academic and market regulators (Chi, 2009; Fung, 2014; Kolk & Pinkse, 2010; Popa et al., 2009; Money & Schepers,

2007) and, consequently, "a growing number of regulators globally are reviewing the governance arrangements of corporations to ensure that corporate practices are aligned with broader societal interests" (Ioannou & Serafeim, 2011, p. 2). This provides a positive spin off by broadening of standards in which organisations must adhere in order to preserve its "*license to operate*" (Kolk & Pinkse, 2010, p. 17) and, therefore, assuring better corporate governance, transparency and accountability (Aguilera & Cuervo-Cazurra, 2004). Of significance, codes of good corporate governance are considered a set of best practices in relation to the board of directors and other governance arrangements (Aguilera & Cuervo-Cazurra, 2004). In essence, the codes have been designed to address deficiencies in the corporate governance system by recommending a set of rules aimed at improving transparency and accountability among managers and directors (Thanasas, Kontogeorga, & Drogalas, 2018).

Although the content of these codes varies (Aguilera & Cuervo-Cazurra, 2004), a central source of corporate governance codes is the *'comply or explain'* principle, which was first introduced in the United Kingdom's Cadbury Report 1992 as a medium of establishing a single code of corporate governance whilst avoiding an inflexible "one size fits all" approach. As noted by the Cadbury Committee, "smaller listed companies may initially have difficulty in complying with some aspects of the Code" (Cadbury, 1992, 3.15), and if "the boards of smaller listed companies which cannot, for the time being, comply with parts of the Code should not that they may instead give their reasons for non-compliance" (Cadbury, 1992, 3.15). In core, the provisions of the Code are meant to be applied flexibly (Seidl, Sanderson, & Roberts, 2013), meaning that organisations should have some degree of flexibility to adjust the principles of corporate governance to their situation in order to become more efficient, rather than having to comply with all the Code's provisions (Seidl et al., 2013). Hence, organisations are given, or provided with an option to justify why they deviate from the Code's provisions (Seidl et al., 2013)

As a continuous effort to improve the governance structure, more than eighty countries have introduced such codes, which are issued by a large variety of issuers such as stock exchanges, government commissions, shareholder, governance and professional associations, and other interest groups (Gregory, Grapsas, & Powell, 2007). This includes the New Zealand's stock exchange. As a result of the "fragmentation between the NZX's Code and other existing corporate governance frameworks" (NZX, 2017c, p. 1), the NZX recognises that the revised NZX Code is crucial for improving corporate governance standards at an organisational level, in particular among New Zealand's listed organisations. After all, the primary objective of the NZX Code is essentially to:

> "*promote good corporate governance, recognise that boards are in place to protect the interests of shareholders and to provide long term value.*" (NZX, 2017b, p. 3).

It is important to note that the revised NZX Code is the first substantial update to the code since 2003. In the NZX's own words, "good corporate governance is important for listed issuers because it promotes investor confidence and provides the mechanisms by which organisations, and those in control, are held to account." (NZX, 2015, p. 3). To align with the current international best practice along with improving transparency, comparability and consistency with the corporate governance code of other stock exchanges, and between various reporting practices among listed equity issuers; the implementation of the revised NZX Code is critical. In the next subsection, a brief historical context to the NZX is discussed, and this is followed by an in-depth discussion of the revised NZX Code's tiered framework.

2.3.1 The New Zealand Stock Exchange (NZX)

The primary objective of a stock market exchange is to facilitate the exchange of securities between buyers and sellers thereby serving as a marketplace virtual or real. A stock exchange is simply nothing more than just a sophisticated farmers' market providing a meeting place for buyers and sellers (Mehta, 2014). For this reason, a lack of clarity about the purpose of a stock exchange can have a detrimental impact on understanding what the NZX Code is trying to achieve.

The New Zealand Stock Exchange Limited (NZX) is a publicly-held New Zealand entity. Comparing to other stock exchanges in the OECD regions, the New Zealand Stock Exchange is one of the least regulated stock markets (Gan, Lee, Yong, & Zhang, 2006). This is being attributed to the deregulation of the financial market in 1984, since then, New Zealand's capital markets are operated under a self-regulating organisation (SRO) model, with minimal government intervention. This means the NZX is simultaneously acting as an operator and regulator of the capital markets. According to the NZX's website (NZX, 2017a), as a SRO, the NZX has two key regulatory roles in essence of the operations of the New Zealand stock market:

1. *"NZX's responsible for developing and enhancing the market rules, practices and policies under which NZX's markets. This function is undertaken by the NZX Policy team."*

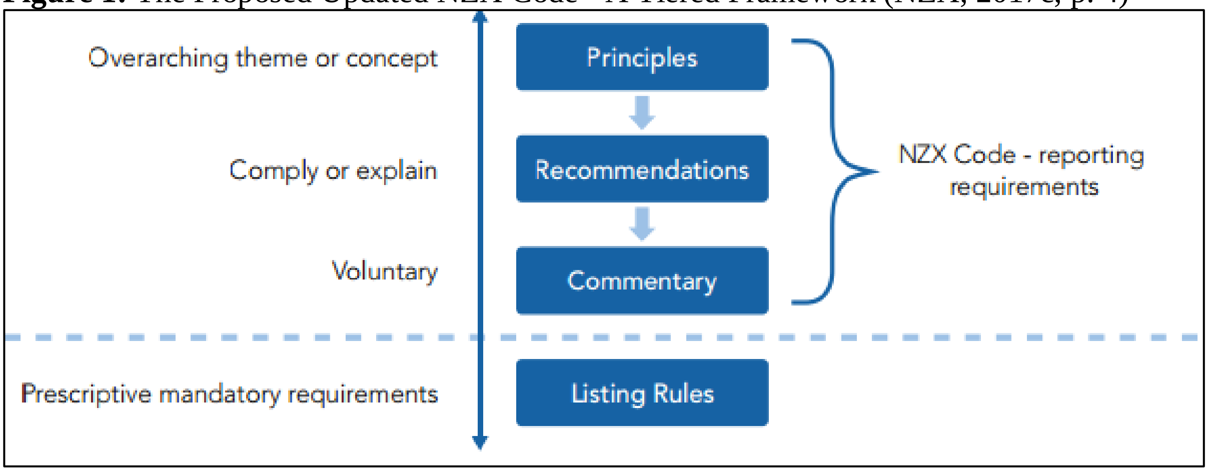
2. *"NZX is responsible for monitoring and enforcing the rules under which NZX's markets operate. This applies directly to issuers, market participants and indirectly (through market participants) to investors. This function is undertaken by the NZX Regulation team, with support from the NZX Market Services team."*

As a central regulator of the markets, the NZX is held responsible for regulating corporate governance guidelines for equity issuers on the NZX via the NZX Main Board Listing Rules (Listing rules). These obligations consist of two broad categories: mandatory requirements and reporting requirements. Leaving mandatory requirements aside, due to the current fragmentation between various governance reporting requirements and guidance for the NZX Main Board's equity issuers, there are currently no reporting requirements governed within the region of the provision of ESG reporting. In an attempt to rationalise reporting requirements by ensuring that the NZX Code is the central source of corporate governance guidelines for the NZX Main Board's equity issuers, updates to the NZX Code were announced in 2016.

2.3.2 The Corporate Governance Best Practice Code (The NZX Code)

The tiered framework can be partitioned out into three distinct elements, namely; *principles*, *recommendations* and *commentary*. See Figure 1. The first element is the most important as it outlays the *principles* of the NZX Code, which is fundamentally the heart of the code itself. An outgrowth of this reform is to resolve the current fragmentation between a number of corporate governance reporting requirements and guidance followed by the NZX Main Board's equity issuers. In an attempt to reduce this fragmentation, the NZX has proposed to adopt and use the principles outlaid in the FMA's (Financial Market Authority) Handbook as a basis of the revised reporting requirements, with an intention to rationalise it as a single set of standards. The NZX acknowledges that if issuers are complying with the revised NZX Code, then they are correspondingly satisfying the current reporting requirements under the FMA's Handbook. Consequently, issuers who are currently reporting against the FMA's Handbook, do not have to attempt to match their reporting under two different reporting requirements. Furthermore, the revised principles are highly consistent with the ASX's (Australian Securities Exchange) principles, which essentially are the fundamental step towards international best practice.

Figure 1: The Proposed Updated NZX Code - A Tiered Framework (NZX, 2017c, p. 4)



The second element consists of the *recommendations*, which is slightly more prescriptive, and its purpose is to serve as the recommendations for each of the underlying principles under the

NZX Code. The NZX acknowledges that some principles may not be appropriated and suitable for some equity issuers in its Main Board to meet some of the reporting requirements; especially small- to medium-sized equity issuers. To provide a sufficient level of flexibility, the recommendations are therefore to be applied on a *'comply or explain'* basis. In terms of this conceptual distinction, if the board of an issuer considers some of the recommendations are not appropriate for them to comply, then they must explain why it has not been reported. For example, if an issuer has decided not to comply with some of the proposed recommendations prescribed within the NZX Code, an equity issuer must issue a separate statement outlining why particular recommendations have not been adopted and what (if any) other arrangements/measures have been adopted in lieu of the recommendations during that reporting period. This is to assure equity issuers' investors and other stakeholders are informed with "an appropriate level of information about the issuer's governance arrangements" (NZX, 2017b, p. 4) in order to make well-informed investment decisions (NZX, 2017b). Additionally, the approach of *'comply or explain'* is highly consistent with other jurisdictions, as seen in Australia, the UK, the EU, and the US (Harper Ho, 2017).

In contrast to the recommendations, the last element, *commentary*, does not need to satisfy with a *'comply or explain'* basis. The core purpose of commentary is to guide how equity issuers can satisfy and meet the recommendations of each of the underlying principle of the NZX Code and outlines supplementary guidance in areas where the NZX considers the suggested commentary would reflect best practice. In this case, the GRI and the IR framework have been suggested as best practices for ESG reporting. Overall, these three elements of the tiered framework are of significant importance in and of themselves, but when they are collectively connected as a single framework, this results in an improvement to corporate governance standards among the NZX Main Board's equity issuers.

2.3.3 The NZX's Recommendation 4.3

Given the focus of this study is to examine to what extent the NZX Code might induce the uptake of sustainability reporting among New Zealand's listed organisations, the scope for review looks at Principle 4 (Reporting and Disclosure), specifically the Recommendation 4.3. This recommendation is interconnected with the provision of non-financial disclosure in relation to ESG reporting. The NZX's recommendation 4.3 states as follows:

> *"4.3 Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risk and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured."* (NZX, 2017b, p. 20)

The NZX acknowledges there has been a "demand" (NZX, 2017a) for more detailed non-financial disclosure by listed issuers from investors and other stakeholders. In response to this demand, the recommendation has been considered as part of the revision to the NZX code. In the NZX's own words, "the use of ESG disclosure is becoming more important in relation to investment decisions…Issuers can show investors that they are equipped for the long term, and are ready to respond to risks and take advantages of opportunities" (NZX, 2017c, p. 4). Clearly, this is to ensure listed issuers become more accountable for "the broad stakeholder views in New Zealand's capital markets" (NZX, 2017c, p. 1). In the next section, the discussion and consultation submission papers from market participants during the review process will be manually analysed in order to seek key arguments 'for' and 'against' the provision of non-financial disclosure, particularly Recommendation 4.3.

2.3.4 The feedback on the proposed changes to the NZX code from market participants

The NZX acknowledges that the proposed framework may not be appropriate for certain equity issuers, particularly SMEs (small and medium-sized enterprises). To seek feedback on the appropriateness of the revision to the NZX Code, on November 2015, the NZX started a consultation process in order to identify levels of consensus and disagreement of the proposed tiered framework to the revised NZX Code. The review process comprised two stages: (1)

market participants to provide feedback on a review of the proposed changes to the NZX Code's tiered framework. (2) market participants to similarly provide feedback on the proposed the NZX draft code after considering the feedback submitted by market participants from the first review process.

Throughout the first review stage, the NZX received more than 45 formal submissions, submitted by a diverse range of interested parties, which included investors, equity issuers, sustainability groups, law firms, governance groups, accounting and auditing groups in New Zealand and from overseas. Through analysing the content of discussion submission papers by market participants, it is clear that the areas of concern were driven from organisations' investors and stakeholders needs for non-financial information. For this reason, non-financial disclosure has been emphasised as part of the revision to the code.

The feedback generated is strongly in agreement with the proposed updates to the NZX code for having ESG reporting prescribed as one of the recommendations, while only a select few objected to it. Arguments against were grounded on the view that such 'sustainability reporting would not be value-added' to organisations because investors can make their own investment decisions around the importance of ESG matters. One equity issuer asserted their view as follows:

> "*Investors can make their own decisions about the importance of ESG matters and choose not to invest in issuers that do not satisfy the standard, or provide the level of disclosure on such matters, that an investor considers appropriate.*" (Ryman Healthcare Limited, 2016, p.2) - Equity Issuer

However, in favour arguments were largely driven by transparency and the usefulness of non-financial information, in a sense that an organisation will always be exposed to material risks that may directly and/or indirectly influence its operational activities. Hence, should these risks become material and available, investors and/or stakeholders must be spontaneously informed about these risks in order to make well-informed investment decisions. Several participants have suggested, for instance, that:

> "*Transparency on sustainability performance and impacts is vital to building trust among investors and issuers, and is critical to ensuring well-functioning, stable and resilient capital markets*." (GRI, 2016, p. 2) - Sustainability group

> "*Those material risks are likely to be peculiar to individual issuers and more broadly to sectors in which they operate. Therefore, these risks should be required to report."* (Sustainability Matters, 2016, p. 4) - Sustainability group

> "*…where issuers have identified there is a material business risk, that disclosure of that risk and the way in which it is managed should be disclosed to investors. This allows them to consider their investment."* (Meridian Energy Limited, 2016, p. 5) - Equity issuer

> "*The board should report on analysis of the environmental, social and governance considerations material to the company so that shareholders understand how the company managed those issues."* (New Zealand Corporate Governance Forum, 2016, p. 12) - Investor group

> "*All board communications should present a balanced and understandable assessment of the company's position in order for shareholders to be able to assess the company's performance, business model, strategy and prospects*." (Devon Funds Management, 2016, p. 6) - Investor group

Narrowly focusing on the concern of compliance costs, the NZX acknowledges the fact that the proposed updates to the NZX Code may impose, more or less, financial constraints on some small equity issuers. To ensure that these small equity issuers' views are taken into account, the NZX commissioned a small research project, which comprised of 15 SMEs. The findings were mixed, suggesting that there is a resistance for non-financial disclosure in relation to ESG reporting, and the argument concerns compliance costs as well as the flexibility of the reporting requirements.

As for the second stage, the NZX received more than 80 formal submissions (only 43 submission papers were analysed), submitted by similarly a diverse range of interested parties. With an ongoing appetite for non-financial disclosure from investors and stakeholders, the NZX has chosen to focus on several areas of importance and one of the suggested areas is the provision of non-financial disclosure or ESG reporting. In the NZX's own words, "ESG reporting is now common place in many countries and others have pledged to produce guidance on ESG disclosure by the end of 2016" (NZX, 2016, p. 6).

Similar to the first review process, the feedback received during the second stage is overwhelmingly in agreement with the proposed recommendations. Only a few organisations again spoke against it. The arguments are established on the ground of the appropriateness of the draft code for SMEs, particularly on the endorsement of having the ESG reporting to be prescribed as one of the recommendations. Several participants justified their views as follows:

> " *Given the limited size of the New Zealand market and the financial constraints of many market participants, requiring ESG reporting (even under a 'comply or explain' regime) would create an undue financial and resource burden.*" (Russell McVeagh, 2016, p.4) - Law Firm

> "*…given the diversity of size and types of businesses listed on the NZX, issuers should be permitted to choose the manner in which they report on ESG matter*" (SkyCity Entertainment Group Limited, 2016, p. 4) - Equity Issuer

> "[*We] are encouraging non-financial reporting but not adopting specific recommendations in relation to ESG reporting.*" (Chorus, 2016, p.2) - Equity issuer

Arguments in favour of the proposed changes included:

> "*...there is a strong demand from stakeholders to receive ESG information and that it is a critical part of some investors' investment decisions*." (PWC, 2016, p. 5) - Accounting and auditing groups

> "*ESG strategy and performance is a significant area of interest for investors, stakeholders and communities.*" (Z Energy, 2016, p. 1) - Equity issuer

> "*Financial information alone does not tell the whole story, and scrutiny is extending beyond the bottom-line to examine what businesses are doing, how they are doing it, and their impact on the environment and society*." (Institute of Directors, 2016, p. 2) - Governance group

Overall, to promote and encourage the uptake of sustainability reporting among New Zealand's listed organisations, the revised NZX Code is extremely crucial. The code will act as a medium that indirectly enforces every listed equity issuer within the NZX Main Board to disclose non-financial information in relation to ESG issues. But, given the NZX's Recommendation 4.3 is enacted on a *'comply or explain'* regime, the effectiveness of the *'comply or explain'* approach needs to be considered.

2.3.5 The effectiveness of the *'comply or explain'* regime under corporate governance codes

There is extensive research that examines the effectiveness of corporate governance codes on an organisation's disclosure and performance (Aguilera & Cuervo-Cazurra, 2004; Aguilera & Cuervo-Cazurra, 2009; Seidl et al., 2013; Senn, 2018; Shrives & Brennan, 2015; Thanasas et al., 2018). The '*comply or explain'* approach is regarded as a "soft law" (Senn, 2018) or "rules of conduct which, in principle, have no legally binding force but which nevertheless may have practical effects" (Snyder, 1994, p. 2). Due to this non-legally binding obligation, an enforcement of the *'comply or explain'* approach is generally left to the effectiveness of internal organisation bodies (i.e. the board of directors) and of external market forces (i.e. globalisation, emergence of powerful foreign investors, and recommendations on global best practices by transnational institutions) to ensure the effectiveness of the implementation of the corporate governance codes. Hence, the effectiveness of the *'comply or explain'* approach has been called into question by numerous research scholars (Aguilera & Cuervo-Cazurra, 2004; Aguilera & Cuervo-Cazurra, 2009; Seidl et al., 2013; Senn, 2018; Shrives & Brennan, 2015; Thanasas et al., 2018).

Aguilera & Cuervo-Cazurra (2009) conducted an international review of the recent developments in the area of codes of good governance. Their findings on compliance and effectiveness of codes of good governance at the organisational level indicated that institutional investors prefer organisation's compliance with code recommendations. However the codes' impact on organisation performance is mixed. They further pointed out in their review that investors are willing to tolerate non-compliance towards the corporate governance code to the extent that the organisation is still performing well financially, and therefore organisations that are performing well financially may be excused for deviating from the Code's provisions.

Even if compliance with code recommendations is traditionally voluntary or based on *'comply or explain'*, the extent to which *'comply or explain'* offers good governance depends on the quality of the explanation. Shrives & Brennan (2015) conducted a longitudinal study on the UK Financial Times Stock Exchange 350 over two periods between 2004/5 and 2011/12 to explore the quality of explanations for non-compliance with UK corporate governance regulations. Their findings suggest that the quality of explanations is rather poor and uninformative, highlighting that organisations tend to follow the codes in a boilerplate manner, where organisations tend to duplicate their explanations from year to year in order to avoid the need to craft sound explanations. The inclusion of explanations can potentially draw attention to the fact of non-compliance and face increased scrutiny. Hence, organisations are more likely to state only what they are not complying, without providing a full explanation why not.

Using a perspective framed by legitimacy theory, Seidl et al. (2013) conducted an exploratory study on the compliance statements and reports of 257 listed organisations in the UK and Germany to explore to what extent and in what way do these organisations make use of the "explain" option. Their findings indicated that various forms of explanations in terms of non-compliance can be used as strategies to preserve the organisation's legitimacy in society in which they operate. More specifically, the use of the "explain" option allows organisations to utilise the most effective way to explain why they deviate from the Code's provisions while still retaining their legitimacy.

In line with the above literature, Thanasas et al. (2018) conducted an exploratory study to investigate how and to what extent 162 Greek listed organisations make use of the *'comply or explain'* model to deviate from Greek Corporate Governance Codes. Their findings indicated that 96 listed organisations (59.3 per cent) made use of an "explain" option to explain their deviations without stating the existing situation of their organisation in the statement of non-compliance, while other 66 listed organisations (40.7 per cent) comply. The study concludes that the majority of the organisations tend to use an "explain" option as a logical justification for non-compliance, and tend to imitate the explanations provided by larger organisations in order to maintain their legitimacy on issues relating to their deviations, although the researchers note that this phenomenon occurs mainly in small listed organisations.

In a similar vein, Senn (2018) also conducted a longitudinal study to investigate the effectiveness of the *'comply or explain'* model within France's 'Grenelle II' (the law which requires every equity issuer on the French stock market to disclose environment accounting disclosures - EADs, or to put this into simple terms, financialised environment disclosures) over the period of 2009-2011 (before Grenelle II) and 2012-2014 (after Grenelle II). The study highlighted the explanations for the absence of EAD had significantly increased after the introduction of the Grenelle II and, additionally, no net positive effect on the number of organisations making EADs was indicated. The researcher concluded that the *'comply or explain'* model could be perceived as a strategic tool for organisations to avoid making EADs, because the law allowed the explanation for the absence of non-disclosure to be seen as an acceptable justification for non-compliance.

While the recommendation of ESG reporting may be enacted as a *'comply or explain'* approach, the effectiveness of the approach is somewhat debateable. This view can be justified by the fact that the *'comply or explain'* approach is a weak enforcement mechanism because organisations can make similar ('boilerplate') disclosures from year to year in which the recommendation can provide incentives for organisations to avoid making ESG disclosure. In part the code affords a loophole that allows an organisation the opportunity to use an *"explain"* option to explain why they deviate from the Code's provisions, and provides the explanation for the absence of non-financial disclosure to be seen as an acceptable justification for non-compliance. Even if organisations complied with the recommendation, the quality of compliance is generally weak and uninformative. Given the 'comply and explain' approach is regarded as a "soft law" (Senn, 2018), further investigation on the effectiveness of the *'comply or explain'* regime will be needed in the future, particularly in the New Zealand context.

2.4 Theoretical Framework

2.4.1 Transparency and Disclosure

The environmental and social accounting literature suggests the most widely used theories are legitimacy, institutional, and stakeholder theories (Deegan & Unerman, 2006). However, it is worth mentioning "there is an almost infinite array of theories potentially available to social science research and social accounting in particular" (Gray, Owen, & Adams, 2009, p. 3). As a result, the choice of an appropriate theory in exploring sustainability reporting is crucial because theory is, essentially, a mental state (Gray et al., 2009); a framework, that guides a researcher, and most importantly, influences the way a researcher manifests the meaning of sustainability reporting. Because the scope of this study is situated on the presumption that the The NZX Code may both encourage but also not encourage some NZX listed members to undertake sustainability reporting, this study draws from a framework of corporate governance, transparency and sustainability disclosure literature. What is interesting is the kind of relationships the ideas of transparency and disclosure hold, and how they relate to corporate governance. In an attempt to answer this question intuitively, the concepts of transparency, disclosure and corporate governance are considered separately before linking them together at the end.

2.4.2 Transparency

"*Secrecy means deliberately hiding your actions; transparency means deliberately revealing them*" (Florini, 1998, p.50). In the transparency literature, transparency is seen as an essential constituent that organisations should and must uphold (Dubbink, Graafland, & Van Liedekerke,

2008) because it ensures management will not partake in any inappropriate activities that will jeopardise an organisation (Fung, 2014). At the same time, transparency ensures an organisation's stakeholders are able to observe and make sense of the organisation's activities (Fung, 2014), particularly when they do not have direct access to the information from within the organisation itself (Carroll & Einwiller, 2014). It is evident in the literature that the concept of transparency is highly correlated to the availability of specific organisational information to those outside of the organisation (Bushman, Piotroski, & Smith, 2004). For instance, to be transparent, organisations must "make available publicly all legally reasonable information - whether positive or negative in nature - in a manner which is accurate, timely, balanced, and unequivocal" (Heise, 1985, p. 209). Thus, "transparent doesn't mean being invisible. It means being more visible" (Rawlins, 2008, p.73).

However, a further argument in the literature, (Carroll & Einwiller, 2014), claims that merely making specific organisational information publicly available in itself does not constitute transparency. The existence of transparency requires that interested parties have faith in the organisation that they are being told everything they need to know, and that failure to be perceived as transparent will have a detrimental effect on an organisation's reputation (Gower, 2006). With reference to the transparency literature, Balkin (1999) has further expanded the scope of the notion of transparency by introducing three types of transparency that "work together but are analytically distinct" (p. 393), namely; information, participatory and accountability. This means transparency is defined by having embraced these three distinct elements: information that is trustworthy, significant and useful; participating with stakeholders to identify their needs; and organisations that are being accountable for their actions, policies and practices (Rawlins, 2008). In this regard, the definition of transparency includes: "the purpose of enhancing the reasoning ability of publics and holding organisations accountable for their actions, policies and practices." (Rawlins, 2008, p.75).

In the context of sustainability reporting, Carroll & Einwiller (2014) have narrowed down the notion of transparency by reinforcing it with the viewpoint of organisational communication. They denote the term as '*transparency signalling*', a tool which an organisation utilises in order to signal its efforts to demonstrate transparency, such as participating in sustainability reporting activities. In terms of this conceptual distinction, the concept of transparency signalling can be positive and/or negative in nature. For example, taking into account of one's message, specifying the information (who, what, when, where) and discussion of the positive and negative aspects would be considered to be positive signals that increase transparency, while negative signals that include uncertainty, embellishment and lack of focus would decrease transparency (Carroll & Einwiller, 2014).

In brief, transparency is only meaningful when it improves the understanding of the users of information, rather than simply increasing the flow of information (Wall, 1996). It is common to assume that corporate social responsibility and transparency are often positively correlated, but then again that does not mean that an organisation with a sustainability report is automatically transparent and accountable for its actions (Carroll & Einwiller, 2014). This raises a question: what does? In the next section, the notion of disclosure is discussed, to illustrate the conceptual distinction between transparency and information.

2.4.3 Disclosure

As mentioned above, Carroll & Einwiller (2014) suggest that '*transparency signalling*' occurs when an organisation aims to demonstrate transparency through actions, such as issuing a sustainability report. As organisations attempt to conform, they are contemporarily engaging in '*disclosure alignment*'. Disclosure alignment refers to a bold attempt by an organisation to align their disclosure practice with the expectations of their stakeholders, thereby signalling that they have taken their stakeholder's needs into account (Carroll and Einwiller, 2014). In the current development of modern societies, the stakeholder needs for information have become more sophisticated to the extent that they are rigorously demanding an organisation disclose non-financial information in relation to their operational activities, rather than what is provided within the traditional financial statements (Kolk & Pinkse, 2010; Popa et al., 2009).

Carroll and Einwiller (2014) further stress that disclosure alignment is a useful tool that an organisation should embrace sincerely, particularly in the current environment of uncertainty (Fung, 2014), because it recognises that "organizational disclosure in and of itself is not sufficient unless organizations do so in ways that let their publics recognize, accept, and approve of, or take actions or make decisions in response to such demand" (p. 250). This conceptual distinction has given rise to the notion of '*institutional plausibility alignment*', which is defined as an attempt by an organisation to adapt their language to the expectations of their stakeholders in a sense of becoming legitimate in the eyes of their stakeholders (Carroll & Einwiller, 2014). In the context of sustainability reporting, organisational disclosure is a powerful tool (Dingwerth & Eichinger, 2010) that affords an organisation the opportunity to shape the general perceptions of their stakeholders and, essentially, the general public (Carroll and Einwiller, 2014) because disclosure is a means to consciously change transparency (DeTienne & Lewis, 2005).

But, Carroll and Einwiller (2014) also note, even if disclosure increases, it does not necessarily mean that transparency will increase. This can be reinforced with the earlier argument made by Rawlings (2008, p.74), where he notes that "disclosure, alone, can defeat the purpose of transparency. It can obfuscate, rather than enlighten." For instance, by linking the concept of transparency to disclosure, transparency will only be meaningful to stakeholders when it enhances their understanding of organisational practices, rather than increasing the flow of disclosures in itself (Wall, 1996). Nevertheless, a wide consensus among academic scholars has illustrated that disclosure is indeed beneficial to organisations (Carroll & Einwiller, 2014;

DeTienne & Lewis, 2005; Dingwerth & Eichinger, 2010; Kolk & Pinkse, 2010; Popa et al., 2009; Rechberg & Syed, 2013) and, therefore, organisations that fail to at least provide comprehensive disclosures toward operational accountability will be penalised accordingly by their influential non-financial stakeholders (Dhanani & Connolly, 2015).

2.4.4 Sustainability Disclosure

2.4.4.1 Stakeholder Theory

Stakeholder theory is considered the most useful theory in explaining an organisation's sustainability disclosure behaviour (Spence, Husillos, & Correa-Ruiz, 2010). As previously stated, the traditional concept of external corporate social responsibility (see Freidman, 1971) departed from the initial concept of "shareholders" to emphasise "stakeholders" (Ramanthan, 1976; Estes, 1976; Freeman, 1984). Freeman (1976) explains stakeholder theory as organisations have social obligations to many individuals and groups who both affect and/or are affected by the organisation in the society in which they operate. These include shareholders, customers, local communities, government, and employees, among others (Roca & Scracy, 2012). It appears that compliance with the norms of certain stakeholders enables organisations to preserve their "license to operate" (Kolk & Pinkse, 2010, p. 17) and receive continuous support from the society in which they operate (Clarkson et al., 2008, 2011).

Past literature asserts organisations' decisions to engage in sustainability reporting are largely influenced by external pressure from stakeholders (Perrini & Tencati, 2006). And one way that organisations can engage with stakeholders is to undertake sustainability reporting (Buhr, 2010). Arguably, it is evident that the more salient the stakeholder to an organisation (Mitchell, Agle, & Wood, 1997), the greater the effort management of the organisation to meet the expectations and demands of those stakeholders (Deegan & Unerman, 2006). For instance, from the managerial standpoint of stakeholder theory, managers may put in place short-term policies that are favourable to shareholders, but which are detrimental to other stakeholder groups (Charreaux & Desbrières, 2001). Whereas, some organisations could be coerced to adopt reporting practices that achieve specific desired outcomes, such as undertaking sustainability reporting that meets the "expectations and demands of its powerful stakeholder (while possibly ignoring the expectations of less powerful stakeholders) " (Deegan, 2009, p. 360).

2.4.4.2 Legitimacy Theory

One of the few key papers that establishes the development of legitimacy theory is Meyer & Rowan (1977). The paper argues, in modern societies, organisations are situated in a highly institutionalised context and, therefore, organisations do not necessarily make their organisational structures more efficient in terms of task-performing functions, rather organisations align the structures with their institutional contexts. Suchman (1995) defines legitimacy as:

> *"a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate with some socially constructed systems of norms, values beliefs, and definitions"* (p. 574).

As organisations attempt to become institutionalised in the social contexts in which they operate, they will deliberately try to mould their behaviours that are deemed socially acceptable in the eyes of a wider spectrum of stakeholders, thereby leading them to adopt rules and structures that enhance their legitimacy (Deephouse, 1996; DiMaggio & Powell, 1983). By doing so, organisations are compensated "through increased legitimacy, resources, and survival capabilities" (Scott, 1987, p.498). Using a perspective framed by legitimacy theory, environmental and social disclosure can be an effective mechanism for organisations to shape the general perceptions of their stakeholders and, essentially, the general public (Carroll & Einwiller, 2014). For instance, organisations undertake sustainability reporting for strategic legitimacy reasons in order to gain and maintain their legitimacy (Higgins et al., 2015), and seek to repair it when their legitimacy is threatened (Tilling & Tilt, 2010). Hence, sustainability reporting can sometimes be viewed as part of an organisation's overall strategy that gains, maintains and repairs their legitimacy (O'Donovan, 2002). To illustrate, low-environmental impact organisations may pursue a sustainability-related strategy that is more stakeholder-oriented, while high-environmental impact organisations with a high public visibility pursue such a strategy that is more sustainability/value-oriented for strategic legitimacy reasons (Higgins et al., 2018). Since different organisations experience different expectations from society, they may find it necessary to report specific performance indicators in order to be perceived as legitimate (Roca & Searcy, 2012).

2.4.4.3 Institutional Theory

Beyond stakeholder and legitimacy theories, institutional theory also explains an organisation's sustainability reporting practice (Bebbington et al., 2009; Campbell, 2007; Higgins et al., 2018; Rahaman, Lawrence, & Roper, 2004). Carpenter & Feroz (2001) view institutional theory as:

> "*operating within a social framework of norms, values, and taken-for-granted assumptions about what constitutes appropriate or acceptable economic behaviour*" (p. 565).

Of significance, institutional theory views "the social world as significantly comprised of institutions - enduring rules, practices, and structures that set conditions on actions" (Lawrence & Shadnam, 2008, p. 2289). More specifically, Bell (2002, p. 1) suggests "it is best not to think an institution as a "thing' but as a process or set of processes which shape behaviour". This conceptual notion is significant in terms of explaining the social world, the world we collectively live in, because it is built into the social order, and directs the flow of social life. As organisations continue to experience institutional pressures, organisations are forced to adopt rules and structures that are deemed legitimately acceptable in the social contexts in which they operate (DiMaggio & Powell, 1983; Deephouse, 1996), and in return, they are rewarded with increased legitimacy, resources and, most importantly, survival capabilities (Meyer & Rowan, 1977; Powell & DiMaggio, 1991; Scott, 1987; Suchman, 1995).

Given the weight of institutional pressures faced by organisations on multiple fronts, organisations are subconsciously forced to become isomorphic within their social contexts whereby organisations in similar positions in a similar field experience similar pressures and, consequently, they have a greater tendency to adopt similar rules and structures that reflect managers' taken-for-granted beliefs (Heugens & Lander, 2009). Isomorphism explains the pressure underlying the tendency of organisations to become more homogeneous in structures regardless of different operating technologies (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). DiMaggio & Powell (1983) identify three types of forces toward isomorphism: these include: coercive isomorphism, mimetic isomorphism and normative isomorphism. Each of these pressures is of significant importance in and of themselves, but when they are explained collectively, it can be used to explain various implications of how and why the changes in an organisation's sustainability reporting practice might occur (de Villiers, Low, & Samkin, 2014). Each of these pressures is discussed and elaborated below in detail.

2.4.4.3.1 Coercive Pillar

Coercive pressure is understood to have regulative characteristics (such as rules, regulations, laws, and conditions of membership) that exert coercive pressure, and consequently, influence organisational behaviour because of the potential for reward and punishment (DiMaggio & Powell, 1983). This pressure usually results from formal or informal pressures exerted on organisations by its influential stakeholders, which include shareholders, customers, local communities, government, employees, and the cultural expectations of the society in which they operate (Dillard, Rigsby, & Goodman, 2004; DiMaggio & Powell, 1983; Scott, 1987). Cleary, this pressure is, somewhat, overlapped with legitimacy theory (Larrinaga, 2007). For example, to gain and maintain legitimacy, organisations may adopt new pollution control schemes in response to increased environmental regulations (Wangombe, 2013).

On the contrary, isomorphism can also be used to manage organisations' powerful or critical stakeholders (upon whom an organisation is dependent), and therefore organisations could be coerced to adopt sustainability reporting in order to meet the "expectations and demands of its powerful stakeholder (while possibly ignoring the expectations of less powerful stakeholders) " (Deegan, 2009, p. 360). It is evident that the process of coercive isomorphism may be associated with the managerial standpoint of stakeholder theory, which states that the more salient the stakeholder to an organisation (Mitchell et al., 1997), the greater the effort, management of the organisation to meet the expectations and demands of those stakeholders (Deegan, 2009).

2.4.4.3.2 Normative Pillar

Normative pressure influences values (when an organisation believes there are desirable things to do, or believes there to be socially acceptable things to pursue) and norms (when an organisation believes in desirable ways of acting, and being) (Bebbington et al., 2009). Characteristically, organisations have a tendency to pursue various ends and do so because of the expectations and demands from the society in which they operate. Normative isomorphism is often explained through common values to adopt particular institutional practices through social interactions and socialisation between professionals and senior managers (DiMaggio & Powell, 1983). This process commonly takes place when organisations adopt values and norms that derive from the professionalization of a field and common background experiences, such as education from universities or professional bodies with similar ideals, goals, and programs (DiMaggio & Powell, 1983; Mizruchi & Fein, 1999; Suddaby & Viale, 2011). For instance, in the context of sustainability disclosure, organisations are likely to prepare their sustainability reports in accordance with professional sustainability disclosure guidance, such as the GRI guidelines, because they take-for-granted that this is the "right thing to do" (de Villiers et al., 2014).

2.4.4.3.3 Mimetic Pillar

On the other hand, mimetic isomorphism is characterised how one organisation may attempt to imitate and/or emulate another organisation's behaviour. This ideal is situated on a presumption that such imitation may help one organisation to achieve a competitive advantage and/or legitimacy in the society in which they operate (DiMaggio & Powell, 1983). It appears uncertainty is one of the contributing factors that encourages one organisation to imitate or emulate another (DiMaggio & Powell, 1983). Cyert & March (1963 cited in DiMaggio & Powell, 1983) suggest that imitating another's behaviours or practices may be an affordable response when organisations are confronted with problems without definite solutions. Whereas some organisations may imitate and/or emulate another organisation's behaviour because it is a strategic response (Oliver, 1991), and "organisations which failed (at a minimum) to follow innovative practices and procedures adopted by other organisation in [the] same sector would risk losing legitimacy in relation to the rest of the sector" (Unerman & Bennett, 2004, p. 692).

In the context of sustainability disclosure, DiMaggio & Powell (1983) further argue an organisation that is accountable to a broad spectrum of stakeholders, the stronger the pressure felt by the organization to provide the programs and services offered by other organizations…thus…encourage mimetic isomorphism" (p. 152). As illustrated in the literature by de Villiers et al. (2014), high-environmental impact organisations, such as mining organisations, are more likely to imitate the example of a large and profitable organisation, such as BHP Billiton, because the organisation is identified and benchmarked as the best practice. Nonetheless, mimetic isomorphism is described in accordance with past literature to be the most "subtle", "complex", and also "the most difficult to detect" (Hoffman, 1999, cited in Bebbington et al., 2009). Since "activities are enacted in relatively taken-for-granted ways, and for reason that may not be fully articulated" (Bebbington et al., 2009, p. 594). Hence, to gain and maintain legitimacy, organisations may imitate and/or emulate another organisation's behaviour because they are confronted with problems without definite solutions, while some may imitate or emulate as a strategic response.

2.4.4.3.4 Decoupling

While the key tenet of institutional theory is institutional isomorphism, another element that cannot be ignored is 'decoupling'. This concept narrates to the separation between the external image of an organisation and its actual structures, procedures, and practices. According to (Moll, Burns, & Major, 2006), this separation, whether it's an intentional and/or an unintentional action of an organisation, is referred to as decoupling. This conceptual distinction is defined as "the situation in which the formal organisational structure or practice is separate and distinct from actual practice" (Dillard et al., 2004, p. 510).

To resonate the concept of decoupling with sustainability reporting, Deegan (2009) asserts:

> "*decoupling can be linked to some of the insights from legitimacy theory, whereby social and environmental disclosures can be used to construct an organisational image that might be very different from the actual organisational social and environmental performance. Thus, the organisational image constructed through corporate reports might be one of social and environmental responsibility when the actual managerial imperative is maximisation of profitability or shareholder value*" (p. 364).

Consequently, due to institutional pressures faced by organisations, the organisations are forced to become isomorphic within their social contexts because it affords their legitimacy, financial resources, survival capabilities. To do so they may or may not seek to produce a genuine transparent organisational image.

2.5 Summary and Conclusions

This chapter has provided an overview of several theoretical perspectives. From conducting this literature review, it is clear that social and environmental accounting scholars may have found a variety of motives for why organisations undertake sustainability reporting (Milne & Patten; 2002; Scott & Christensen, 1995; Ball, 2005, 2007; Gray et al., 1996; Higgins et al., 2015; Autry & Golicic 2010; Fombrun, 2005; Lougee and Wallace 2008) or remain non-reporters (Stubbs et al., 2013; Wright et al., 2016; Bebbington et al., 2009; Adams, 2002; Fifka, 2011; Martin & Hadley, 2008; Mitchell & Hill, 2009). A recent study indicates that national governments and stock exchange authorities also play crucial roles in coercing the uptake of sustainability reporting (Ioannou & Serafeim, 2017).

The research on the relationship between corporate governance and sustainability reporting is still relatively new and underexplored (Haniffa & Cooke, 2005). The agenda of sustainability reporting has already become an extension of corporate governance (Elkington, 2006), and the reporting has certainly become an integral constituent of an organisation's corporate governance structure (Chan, Watson, & Woodliff, 2014; Sharif & Rashid, 2014). Past literature indicated strong corporate governance offers the foundations of sustainability reporting practices, this creates value-enhancing relationships with different stakeholders (Welford, 2007), and therefore is a pivotal element in promoting excellence in reporting at the organisational level (Shahin & Zairi, 2007). By connecting the concept of corporate governance with transparency and disclosure, good governance can result in higher levels of transparency and sustainability disclosure (Kolk & Pinkse, 2010), and potentially improve organisational financial performance (Chi, 2009).

Given the NZX's recommendation for ESG reporting is enacted on a *'comply or explain'* basis, future research on the effectiveness of the *'comply or explain'* model is therefore needed, especially in New Zealand context to understand its potential to encourage and improve transparency sustainability reporting. More specifically, what is the likelihood of the proposed updates to the NZX Code further inducing the uptake of sustainability reporting among New Zealand's listed organisations and how might this change their disclosure practices?

Chapter Three

Methodology

3.1 Overview

This chapter will present details on the mixed methods approach that was used in this study and is structured as follows. First, it provides a brief overview of data sources, and subsequently, the process of identifying the research participants for semi-structured interviews. Next the process of data collection is presented, which includes quantitative content analysis and qualitative semi-structured interviews. The final section describes how the research findings are analysed with accordance with prior literature.

3.2 Research Methodology

A recent study indicates various accounting scholars have started to embrace the use of mixed methods research (Birchall, Murphy, & Milne, 2016). Mixed methods provide researchers with additional benefits as well as greatly enhancing their research findings, especially in the social accounting literature (Brown & Brignall, 2007). Every research method, however, will always be exposed to some form of limitations and, therefore, the usefulness of a mixed methods approach has also been criticised (Ahrens, 2008; Bryman, 2007; Kakkuri-Knuuttila, Lukka, & Kuorikoski, 2008; Parker, 2012; Parker & Northcott, 2016). The primary criticism lies in the proposition of "incommensurability", which is defined as an attempt to unify two different viewpoints, quantitative and qualitative, as one, a view which is thought to be impossible to pursue (Birchall et al., 2016). Despite a wide range of criticisms, the application of both methodologies, quantitative and qualitative perspectives, can (still) present to a researcher "assessable statistical results as well as in-depth contextually grounded understanding of underlying process and relationship" (Birchall et al., 2016, p. 1352). By utilising a mixed methods approach (quantitative content analysis and qualitative semi-structured interviews) as prescribed in the study of Birchall et al. (2016), this research study was able to provide insights concerning the uptake of sustainability reporting in New Zealand and how the new proposed updates to the NZX Code may or may not induce some of the largest listed organisations to undertake sustainability reporting or further improve it. Overall, mixed methods are appropriate because they eliminate the issue of validity and reliability of data, and allows the trustworthiness of data for the research findings to be accurately drawn (Birchall et al., 2016).

3.3 Data Sources

3.3.1 Organisations' Annual Reports, Sustainability Reports and Websites

Nowadays, a large proportion of organisations elect to disclose their non-financial information (including the information on sustainability reporting) in a different format or somewhere outside of their annual reports. To ensure extensive data collection, all sources of information must be taken into account and thereafter, a comprehensive view should become known of 'who is doing reporting', 'where their reporting is occurring' and 'who is not reporting at all'.

The material often used to analyse the content of an organisation's sustainability performance is the organisation's annual report because the organisation commonly signals what they perceive as important through the reporting mechanism (Alnajjar, 2000; Gray et al., 1996; Guthrie & Abeysekera, 2006). Commonly, annual reports are perceived as the main source of financial and non-financial information for institutional investors, individual investors, environmental groups and/or governmental regulators (de Villiers & van Staden, 2012; Epstein & Freedman, 1994; Higgins et al., 2018; Hutchins, 1994; Patten, 1992).

More recently, the use of supplementary sources rather than organisations' annual reports, such as the organisation website (Chong et al., 2016; Tagesson, Blank, Broberg, & Collin, 2009) and/or a stand-alone sustainability report, has been found to enhance the empirical evidence obtained, and provide a better understanding of organisations' sustainability practices (Guthrie & Abeysekera, 2006; Legendre & Coderre, 2013). Thus, this research is not just limited to organisations' annual reports and/or any type of sustainability reports because validity of the research findings may be at risk.

In this research study, the sources of information predominantly came from three main sources. First, the most recent set of organisations' annual reports including financial, and all types of sustainability reports issued on the fiscal year between 2015 and 2016. This research prioritised the most recent organisations' sustainability-related information released, which was 2016. However, if the information was not available or nowhere to be found, the information from the fiscal year of 2015 would be used instead. Second, many organisations' sustainability-related information is now easily assessable through their websites and it came under different titles or subtitles, such as strategies, environment, sustainability, society, community, employees, etc.; which may or may not be included in organisations' annual reports. Hence, all of the aforementioned information was taken into account for this research study.

3.3.2 Semi-Structured Interviews

Aside from the document analysis, this research also employed semi-structured interviews. The primary motive of qualitative semi-structured interviews was to complement the quantitative findings. A semi-structured approach was chosen because of its flexibility (Bryman & Bell, 2011), whereby it encourages for a free flow of conversation where interviewees are able to speak freely without specific boundaries and/or restrictions (Farneti & Guthrie, 2009). Most importantly, it provides a researcher with rich (Birn & Hague, 2000) and comprehensive (Creswell, 2013) data, and equips a researcher with lenses to explore new and emerging themes that may arise during an interview process. Ultimately, the interviews allowed for valuable insights and understanding (Birn & Hague, 2000) into how the revised NZX Code may or may not induce some of the largest New Zealand's listed organisations to undertake sustainability reporting or further improve it.

The study prioritised and invited interviewees who at least hold a senior management position in each of the sampled organisations to participate in face-to-face interviews, specifically those directly responsible for the design and implementation of sustainability reporting programs, such as a 'sustainability manager', 'environmental manager' or someone from 'investor relations', within their respective organisations (Duarte, 2010; Higgins et al., 2015; Stubbs et al., 2013). Engaging with managers enhanced understandings of the nature of sustainability reporting, and the rationale behind it. In an attempt to locate a specific person who was responsible for the design and implementation of sustainability reporting in each sampled organisation, the researcher used publicly available information sources to find contact details, such as the annual reports or sustainability report itself, and/or a section of the organisation's website. The researcher fully acknowledged that there were limitations in selecting an interviewee; while the aim was to speak with the sustainability manager and/or the person who was responsible for sustainability reporting, it was fairly difficult to identify the appropriate person (Stubbs et al., 2013). Thus, it was critical to be wise and circumspect in selecting an interviewee.

In addition to a thoughtful process in selecting an interviewee, skill and care was also crucial during the collection of the qualitative data. To ensure that the derived data was academically sound and trustworthy (Broadbent & Unerman, 2011), the interviews were electronically recorded and professionally transcribed for the interviewees to verify (Lodhia, 2017). This greatly enhanced the credibility of the qualitative data and most importantly, provided "an authentic and plausible account of the phenomenon that is studied" (Parker, 2012; Parker & Northcott, 2016, cited in Lodhia, 2017, p. 6).

3.4 Sample Selection and Strategy

The sample of this study consisted of all of the listed organisations within the New Zealand Stock Exchange, as at 31st December 2016. The data was retrieved from the Orbis's database. The sample consists the total of 133 listed organisations. Based on this analysis, this investigation is able to confirm that the vast majority of New Zealand listed organisations do not actively engage in sustainability reporting, and do not attempt to meaningfully report their sustainability information. In Appendix 2, the Venn diagram comprises three distinct components, namely; sustainability report, website and annual report. As mentioned in the 'data sources' section, organisations are now communicating their sustainability-related information outside of their traditional annual reports as it enables organisations to reach wider audiences, such as its influential stakeholders, but not limited to websites or standalone reports. Because of the various reporting mechanisms used by organisations, this study incorporated all of these data sources into account to warrant the credibility and validity of findings.

To identify non-reporting organisations, a non-reporter would be an organisation who did not disclose any sustainability-related information in their annual report, nor produce a standalone report, and lastly, did not disclose any sustainability information on their website, while reporting organisations would be organisations who satisfied any one of the three criteria as mentioned previously. In terms of disclosure of sustainability-related information in an annual report, this study introduced the following criteria: a generous measure and a rigorous measure, to test if there was a significant difference in a number of reporting organisations. A generous measure was used when an organisation disclosed one or more pages of sustainability-related information in their annual report, whereas three consecutive or more pages constituted the rigorous measure. The investigation suggested that there was only a minimal difference between the two measures. For this reason, the rigorous measure was chosen for the identification of non-reporting organisations (see Appendix 2.1). The Venn diagram of a generous measure is displayed in Appendix 2.2.

To ensure the richness of data, the researcher decided to completely eliminate every organisation in the categories of ‘BOTTOM 100’ and ‘TOP 100 UNDER 50’, or the last 83 organisations (from 51 to 133) from the sample. This rationale is situated on two premises. First, large organisations are more likely to be good reporters in respect to sustainability reporting (Kolk, 2003; KPMG, 2008, 2011, 2013, 2017; Patten, 1992; Vuontisjärvi, 2006). And second, large organisations are constantly subjected to greater public scrutiny from the society in which they operate, as well as pressure from its influential stakeholders, such as the government, other organisations, and the cultural expectations, to be socially and environmentally responsible for their activities (DiMaggio & Powell, 1983; Dillard et al., 2004).

As for the interview sample strategy, a total of 30 organisations from the ‘TOP 50’ were selected for the interviews (the sample). The sampled organisations could be partitioned into the two distinct groups: Group 1-reporters and Group 2-non-reporters. For Group 1, reporters, a random number generator from https://www.randomizer.org/ was employed to select the research sample. As for the second group, Group 2, non-reporters, the same strategy as in Group 1 was used to select the sample for this group. The list of sampled organisations can be seen in detail in Table 1 and Table 2 below.

Table 1: The list of sampled organisations in Group 1 - Reporters

Organisation Name	Market Capitalisation ($NZD in million)	Sustainability Assurance (1-Yes/0-No)
Fonterra Co-Operative Group Limited	9,119	0
Fletcher Building Limited	5,942	0
Contact Energy Limited	3,706	1
Vector Limited	3,276	0
Sky City Entertainment Group Limited	3,009	0
Z Energy Limited	2,700	0
Port Of Tauranga Limited	2,654	0
Air New Zealand Limited	2,352	0
Genesis Energy Limited	2,140	0
New Zealand Refining Co Limited	1,157	0
Sanford Limited	599	1
Scales Corporation Limited	468	0
T&G Global Limited	252	0
Opus International Consultants Limited	188	0
NZME Limited	116	0

Table 2: The list of sampled organisations in Group 2 - Non-reporters

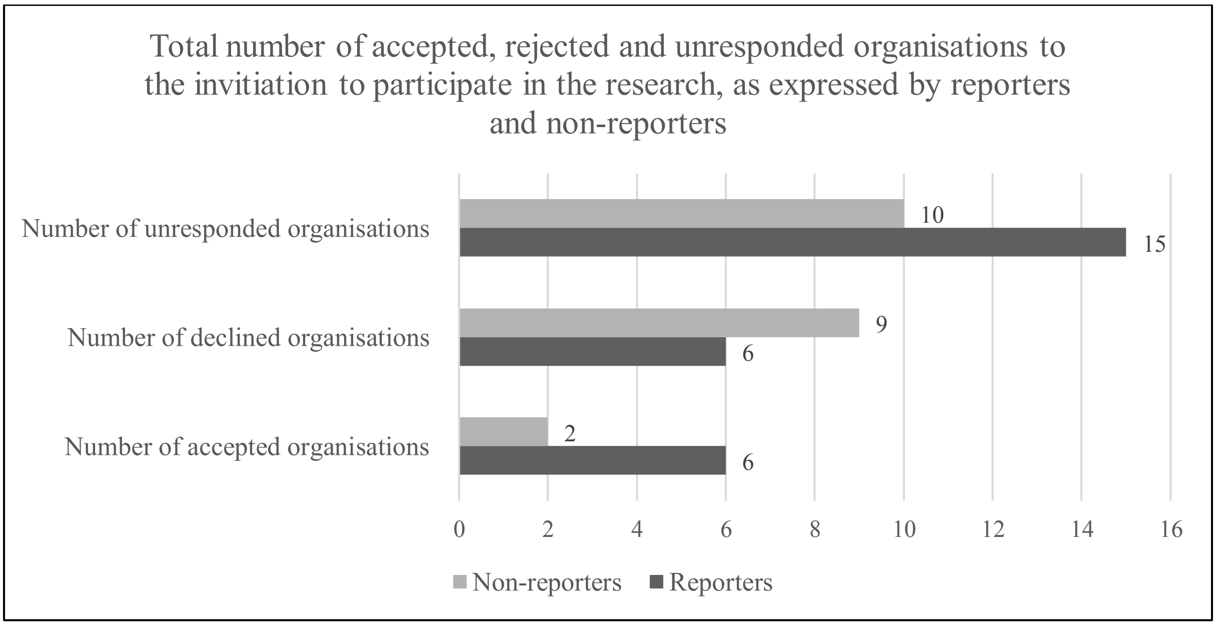
Organisation Name	Market Capitalisation ($NZD in million)	Sustainability Assurance (1-Yes/0-No)
Ryman Healthcare Limited	4,175	0
Infratil Limited	1,844	0
Chorus Limited	1,691	0
A2 Milk Company Limited	1,324	0
Freightways Limited	1,001	0
Delegat Group Limited	617	0
Synlait Milk Limited	501	0
CBL Corporation Limited	483	0
Comvita Limited	472	0
Green Cross Health Limited	355	0
Briscoe Group Limited	292	0
Colonial Motor Company Limited	203	0
Steel and Tube Holdings Limited	168	0
Tower Limited	156	0
Hallenstein Glasson Holdings Limited	155	0

To conclude, 30 sampled organisations were selected for this research study, and were divided evenly between two distinct groups.

3.4.1 Initial responses

Initially, the main objective of this research was to invite 30 randomly selected organisations from the ‘TOP 50’ (the sample), among two distinct groups (Reporters and Non-reporters), to participate in interviews. Out of 30 sampled organisations that were initially invited to participate in this research: four organisations accepted, 10 organisations declined with reasons (including messages passed-on but never returned), and 16 organisations did not respond to the invitation to participate in this research. Given the acceptance rate was only just 13.33%, to ensure validity and reliability of this research's interview data was not jeopardised by a small sample size, the researcher then decided to take a reasonable step to extend the scope of research sample size to include every organisation within the 'TOP 50'. To do this, 18 further invitation emails were sent out to the remaining organisations that were not originally included in the initial research sample. Out of 18 emails sent out, four organisations accepted, four organisations declined with reason (including messages passed-on but never returned) and ten organisations did not respond to the invitation to participate in this research.

Graph 1: Total number of accepted, rejected and unresponded organisations to the invitation to participate in the research, which is expressed by reporters and non-reporters



For organisations that declined to participate in this research, valuable insights can be gained by examining their logical reasons behind their rejections to not participate in the research. These reasons ranged from unavailability of a suitable person, unavailability of the organisation due to a fiscal year-end, straight rejections to participate in the research, confidentiality of information, and messages passed-on but never returned. Out of 15 organisations that declined to participate in the research, nine organisations were non-reporting organisations, while the remaining organisations were reporting organisations, as summarised in Graph 1. Of those non-reporting organisations, unavailability of a suitable person appeared to be a popular choice of reasoning for why the organisations did not want to participate in the research. While at the same time, messages passed-on but never returned came second, and unavailability of the organisation came third. Based on the initial investigation of the current state of sustainability reporting by a researcher, it was clear that the lack of sustainability reporting among the listed organisations might have been a key driver behind the organisation's decision to not participate in this research, for example they commented:

> *"Thank you for your email but [we] respectfully declines to take part in your thesis."* **(CBL Corporation Limited)**

> "*Sorry, we are unable to assist you in this regard*." (**Freightways Limited**)

Although, one of the non-reporting organisations believed that their non-financial information was confidential, and it was something that they did not want to disclose to anyone outside their organisation, they commented:

> *"The only information we have available is on our website as all other information remains confidential and not something we share with external parties."* **(The A2 Milk Company limited)**

Moreover, one of the non-reporting organisations declined to participate because they were in the process of publishing their very first integrated report this year, suggesting that the NZX's recommendation of ESG reporting, to some degree, might have a compelling effect on the organisation to take a reasonable step to engage in ESG reporting, they commented that:

> *"[We] will be releasing our first integrated annual report this year. However, we are still working through what non-financial reporting we will be including in the report so we will have to pass on being involved with your project this year."* **(Ryman Healthcare Limited)**

A further observation included an organisation that is a foreign owned subsidiary that did not feel the same pressure as other NZ-listed organisations to comply. One of the reporting organisations declined to participate because they believed the changes to the NZX's recommendation for ESG reporting would not have a detrimental impact on their organisation's non-financial reporting. This is because the organisation is a foreign owned subsidiary, controlled by a German parent company and therefore, their stakeholders can always access the parent company's website for the group sustainability report **(T&G Global Limited).**

For organisations that agreed to partake in this research, they were relatively open and excited by the opportunity. To conclude, a total of eight organisations were then individually contacted, and scheduled for a meeting at arranged dates, with the interviews subsequently held in Christchurch, Wellington, and Auckland.

3.4.2 Interview process

The interview questions were focused on three different aspects; the first aspect focused on gathering background information about the interviewee, and the organisation. The second aspect focused on sustainability reporting, which focused on motivations and drivers of what might have inspired their organisation to undertake sustainability reporting, and barriers of what might have motivated organisations to not undertake sustainability reporting. And, the last aspect, which focused on the interviewee's perception and attitude towards the current uptake of sustainability reporting among New Zealand's listed organisations, and how much this might change their practices in the short-, medium- and long-term.

To encourage a free flow of conversation, all names of interviewed participants and organisations were kept confidential. Table 3 presents the list of research participants, which displays the assigned code for each research participant, industry, industry risk (to align with past literature, the industry variation 1 was chosen) and position of interviewee. In a scenario of the multiple interviewees, a numerical value would be assigned at the end of an identification code in brackets.

Table 3: List of research participants

Code	Industry	Industry Risk	Type of Reporter	Role
A1	Agriculture	High Risk	Reporter	General Manager - Head of Sustainability
T1	Apparel and Textiles	High Risk	Reporter	Sustainability Co-ordinator
C1(1)	Consumer staples	High Risk	Reporter	Director - Corporate Governance
C1(2)	Consumer staples	High Risk	Reporter	General Manager - SR Performance and Reporting
E1(1)	Energy	High Risk	Reporter	General Manager - Head of Sustainability
E1(2)	Energy	High Risk	Reporter	General Manager - Corporate Governance
E2	Energy	High Risk	Reporter	Manager - Annual Report Project Manager
I1	Telecommunication	Low Risk	Reporter	Investor Relations Manager and Treasury Dealer
I2	Telecommunication	Low Risk	Non - Reporter	Assistance General Council - Corporate and Compliance
S1	Tourism	High Risk	Non - Reporter	General Manager - Responsible Management
R1	Financial market regulator	-	-	General Counsel; and Head of Policy and Legal

3.5 Evidence Analysis

3.5.1 Content analysis

The first part of this study is based on a quantitative content analysis of the largest 50 organisations listed on the New Zealand Stock Exchange at 31st December 2016. The "top" 50 (NZX50) is based on a size ranking of market capitalization. From the initial sample, two organisations were removed from the content analysis as one of the organisations had been delisted from the exchange, while another organisation was a Government Controlled Organisation and listed in the NZDX (NZX Debt Market). The finale sample for this content analysis comprised of 48 listed organisations. In order to gain an understanding and become familiar with the materials, all sources of information as mentioned in the "data sources" section must be thoroughly examined before any analysis could be undertaken. Hence, all sources of information were carefully read in order to avoid any over and understatement of sampled organisations' sustainability-related information.

In the course of this content analysis, subjectivity was the main issue found during the data collection process and it was regarded as one of the major limitations in quantitative accounting research (Bryman & Bell, 2011). For instance, determining the extent to which disclosure requirements of each key performance indicator were covered by organisations' sustainability reports and other supplementary data sources was not an easy task. Thus, a number of doubts did exist during this phase; however, the Sustainability Reporting Guidelines GRI G4 was applied to reduce these doubts.

After all of the sampled organisations' sustainability reports and other supplementary data sources were measured up against the constructed quantitative index (See Appendix 1), excel spreadsheet was then used to construct the exact aforementioned quality index, and document the presence and absence of key performance indicator items in accordance to the GRI guidelines G4 for all of the sampled organisations. An aggregated excel file for all sampled organisations was created and another copy was stored in 'one drive' as a back-up. For each sampled organisation, the presence and absence to each of the key performance indicators items, the corresponding evidence (statements, graphics, figures and extracted from three data sources) was cited in hand-written notes.

4.5.1.1 Reliability checks

For valid research findings to be drawn from the content analysis, a robust coding instrument must be constructed that will rigorously capture the content of sampled organisations' sustainability-related information. To confirm this, the quality index template used in this study was constructed in accordance to the GRI guidelines G4. The use of GRI guidelines is appropriate because the latest KPMG Global CSR Survey figures, published in 2017, shows

75% of the G250 and 63% of the N100 have applied the GRI framework as part of their sustainability reporting practices. In addition, the GRI guidelines have been suggested, and prescribed within the revised NZX Code's best practice commentary in relation to ESG reporting for New Zealand's listed organisations to follow (NZX, 2017c).

To ensure reliability, an independent coder was recruited. The independent coder's task was to code six of the selected sampled organisations' annual reports, but not limited to sustainability reports and websites. This was to ensure that the data was not jeopardised by a researcher's subjectivity. In our first meeting, the researcher went through the quality index template (see Appendix 1) with the independent coder in detail. This step was crucial because it allowed the researcher to give a brief overview of the project and clarify any questions that the independent coder may have. Once all of the coder's questions were clarified by the researcher, the coder was then instructed to independently code six selected organisations' sustainability-related information before the second meeting.

In our second meeting, the researcher started the session by examining the independent coder's content analysis results, and the researcher found that the results were inconsistent when compared with the researcher's results. For content analysis to be performed at a more consistent level, decision rules were developed by the researcher shortly after the second meeting (See Appendix 3). These decision rules were developed in light of poor levels of inter-coder agreement. To ensure comparability of the content analysis results, the researcher and the coder came to an agreement to follow the decision rules and, recode the same six selected organisations' annual and sustainability reports again before our next meeting.

In our third and last meeting, the researcher started the session by comparing the independent coder's results with the revised content analysis results and, surprisingly, the researcher found the levels of inter-coder agreement were much more aligned and consistent with the researcher’s results. In fact, the levels of inter-coder agreement rose tremendously after the decision rules were taken into account, with the levels of agreement of the six sampled organisations being 92.31%, 97.80%, 94.51%, 96.70%, 87.91% and 83.51%. 80% or greater is suggested as an acceptable level of coder reliability (Hackston & Milne, 1996).

Given the high levels of inter-coder reliability achieved, content analysis was then performed solely by the researcher using the quality index template and decision rules developed by the researcher during the pretesting process. As ranked by their market capitalisation, the full results of content analysis of the NZX50’s publicly available non-financial information, measured against the GRI G4 guidelines, for reporting and non-reporting organisations can be seen in detail in Appendix 4.1 and 4.2, respectively.

3.5.2 Empirical Model - Hackston & Milne (1996)

3.5.2.1 Dependent variable - GRI measures

As alluded, this study aims to partially replicate and provide a 25 year update of the study of Hackston & Milne (1996). The quality index mainly focuses on the key performance indicators in relation with economic, environmental and social factors, and classifies each indicator into hard or soft disclosure items. In terms of GRI measures, this study used GRI G4 measures as dependent variables in the function of multivariate regression analysis.

- **TOTAL GRI %** - total key performance indicators disclosed by each of the sampled organisations in two industries and expressed as % of total index, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);
- **TOTAL HARD % -** the total hard key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);
- **TOTAL SOFT % -** the total soft key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);
- **TOTAL ENV % -** the total environmental key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);

- **TOTAL ENV HARD % -** the total hard environment key performance indicators disclosed each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);
- **TOTAL ENV SOFT % -** the total soft environment key performance indicators disclosed each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011);
- **TOTAL SOC % -** the total social key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines
- **TOTAL SOC HARD % -** the total hard social key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011); and
- **TOTAL SOC SOFT % -** the total soft social key performance indicators disclosed by each of the sampled organisations in two industries and expressed in %, which is based on the GRI G4 guidelines and past literature by Clarkson et al. (2011).

These measures are used to examine potential determinants of sustainability disclosure practices among New Zealand's listed organisations and therefore, explain report quality (as per one of the GRI measures) when controlling for size, industry and profitability index.

3.5.2.2 Independent variables - Size, Profitability Index and Industry

The sustainability literature has identified that some variables, such as size, assurance, industries, assets, profitability and leverage, have an effect on the publication of sustainability reports (Sierra, Zorio, & García-Benau, 2013; Xiao, Yang, & Chow, 2004; Zorio, García-Benau, & Sierra, 2013). For this reason, firm size (as ranked by market capitalisation, sales and total assets), profitability (as measured by return on assets, average return on assets, return on equity and average return on equity) and industry background (a dummy variable) served as control variables in this multivariate analysis. These three variables are commonly acknowledged as contributing factors that influence the publication of the sustainability reports.

3.5.2.2.1 Size

Empirical evidence indicates that smaller organisations do not actively engage in socially responsible activities as much as larger organisations who have resources, and on which society exerts higher pressure and expectations; although no confounding effect of firm size can be found using meta-analysis (Orlitzky, 2001; Wu, 2006). In spite of this, some researchers believe that size is still a significant factor in influencing the extensiveness of sustainability reports because larger organisations' financial and non-financial information have larger pecuniary impacts to the market - due to broader users of such information (Cowen, Ferreri, & Parker, 1987; Jones, Frost, Loftus, & Laan, 2007).

Past literature by Hackston & Milne (1996) suggests that size is significantly associated with the amount of disclosure, with the results further suggesting that the relationship between size and the amount of disclosure is more profound for high-profile industry than for low-profile industry. For this reason, firm size must be included as one of the control variables. ***SIZE*** is codified in accordance to the sample organisations' market capitalisation as at 31st December 2016.

3.5.2.2.2 Profitability Index

In the context of sustainability reporting, in a much earlier study by Bowman & Haire (1976), the profitability index variable may prove to have an influence on non-financial disclosures as managers are led to believe that engaging in such disclosures is necessary to make an organisation profitable and, therefore, survive in today's business environment (Atkinson, 2000; Aver, Aaver, & Cadez, 2009; Cowen et al., 1987). This is because, if managed properly, sustainability reporting permits managers to meet the expectations of their non-financial stakeholders, and potentially, lead to improved financial performance (Aver et al., 2009). For example, satisfied employees will be motivated to work harder, satisfied customers will be more willing to make repeat purchases, and satisfied communities will not obstruct an organisation's operational activities (Galant & Cadez, 2017).

To ensure the comparability of research findings, this study has utilised the same procedures employed by Hackston & Milne (1996) in identifying the variable for profitability measures.

Profitability measures are measured using the single - year accounting-based ROE (return on equity - EBIT/total Equity) and ROA (Return on assets - EBIT/total assets) (2016), as well as over the period of five-year averages (2012 - 2016). With reference to past literature, utilising ROE or ROA over an extended period is proven to provide a more reliable measure of organisational performance than a single year (Hackston & Milne, 1996). Hence, ***PROFITABILITY INDEX*** is codified in accordance to the sampled organisations' single-year ROE and ROA (2016) together with the period of five-year averages (2012 - 2016), and expressed as a percentage.

3.5.2.2.3 Industry

Controlling for industry background is crucial in this study. Past literature suggests that industry specific information and characteristics can significantly influence the type of report produced as well as CSP (corporate sustainability performance) (Graves & Waddock, 1994; Griffin & Mahon, 1997; Hackston & Milne, 1996; Higgins et al., 2015; Moore, 2001; Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Simpson & Kohers, 2002). Further, Hackston & Milne (1996) claim that the classification of industries is significantly associated with the amount of non-financial disclosures and therefore, this could alter the type of report produced by organisations in order to meet the needs of their direct and indirect stakeholders (Dyllick and Hockerts, 2002).

To ensure comparability of research findings, this study follows the same techniques employed in the literature of Hackston & Milne (1996) for industry classification. Hackston & Milne (1996) categorise industries into high-profile and low-profile: high-profile industries include industries that are subjected to "consumer visibility, a high level of political risk, or concentrated intense competition" (Roberts, 1992, cited in Hackston & Milne, 1996, p. 87) (consider for example; petroleum chemical, forest and paper, automobile, airline, oil industries, agriculture, liquor and tobacco, and media and communications), whereas low-profile industries are those industries which are opposite to high-profile industries.

This study has also established an assumption that organisations that operate in high-profile industries are expected to produce more extensive disclosures in relation to any one of the GRI measures, in contrast to organisations within low profile-industries. Hence, Industry is included as one of the control variables. ***INDUSTRY*** is a dummy variable that takes the binary value of (1) and (0): (1) when sampled organisations operated in high-profile industries, and (0) for low-profile industries.

3.5.2.3 Analytical procedure

To examine these relationships and ensure findings are comparable, the same statistical methods and tests used in the study of Hackston & Milne (1996) were replicated. A multivariate regression analysis has also been constructed to provide more detailed analysis if an industry type (or any other independent factors) is a statistically significant factor in explaining report quality (as per one of the GRI measures) when size and profitability index are controlled, and vice-versa. A statistical analysis software package - SPSS v15 - is then used for analysis. To investigate for the multiple effect of the independent variables on the percentage of GRI G4 non-financial disclosures, the following regression models were computed to examine which independent variables were a significant factor in explaining report quality (as per one of the GRI measures).

1) $\boldsymbol{TOTAL\ GRI}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
2) $\boldsymbol{TOTAL\ HARD}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
3) $\boldsymbol{TOTAL\ SOFT}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
4) $\boldsymbol{TOTAL\ ECO}\% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
5) $\boldsymbol{TOTAL\ ECO\ HARD}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
6) $\boldsymbol{TOTAL\ ECO\ SOFT}\% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
7) $\boldsymbol{TOTAL\ ENV}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
8) $\boldsymbol{TOTAL\ ENV\ HARD}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$
9) $\boldsymbol{TOTAL\ ENV\ SOFT}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$

10) $\boldsymbol{TOTAL\ SOC}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$

11) $\boldsymbol{TOTAL\ SOC\ HARD}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$

12) $\boldsymbol{TOTAL\ SOC\ SOFT}\ \% = \beta_0 + \beta_1 SIZE + \beta_3 PROFITABILITY\ INDEX + \beta_2 INDUSTRY + \varepsilon_1$

3.5.3 Semi-Structured Interviews

The second part of this study is based on qualitative semi-structured interviews with sampled organisations within the NZX50. Since various themes appeared during the initial investigation of all the listed organisations within the NZX and, more specifically, the quantitative content analysis of the NZX50's sustainability disclosures; a number of questions were contextualised from the patterns that emerged from the first part of this study and from existing sustainability reporting literature. These covered the following areas:

- A description of sustainability-related reporting practices among sampled listed organisations within the NZX;

- Exploring how the revised NZX Code will further induce the uptake of sustainability reporting, and what constitutes organisations to be 'for or against' the practice in New Zealand context; and

- Examining managerial perceptions and attitudes of 'reporting' and 'non-reporting' organisations toward the revised NZX Code, especially the NZX's recommendation for ESG reporting, and how might this change their practices in the short-, medium- and long-term goals.

Soon after all the interview transcripts were verified by corresponding interviewees, the interview transcripts were then coded, via NVivo Pro - a qualitative research software package, for a qualitative analysis to draw out common emerging themes (Stubbs et al., 2013). To comprehend and interpret the narratives of all conducted semi-structured interviews, a coding system was developed for this research with an intention to draw out every key theme incurred during the interviews. The analysis of interview transcripts started with the coding procedure described by (O'Dwyer, 2004), and the process consisted of data reduction, data display and data interpretation. By utilising this analytical procedure, the interview transcripts were condensed from approximately 80,000 transcribed words from nine interviews to 30,000 words.

In the next phase, the coding procedure as prescribed in the study of Stubbs et al. (2013) was applied. The coding procedure consisted of creating a provision 'start list' of codes from existing sustainability reporting literature in order to find common incurring themes from the interview data. More specifically, Stubbs et al.'s (2013) researched into the motivations for why organisations do not undertake sustainability reporting, and Bansal & Roth (2000) researched into the motivations for why organisations undertake corporate greening behaviours. These were used to help identify codes to understand, to what extent, and how the revised NZX Code may or may not induce some of the largest organisations to undertake sustainability reporting or further improve it.

The interview questions were also used as an interview guide to aid the findings and analysis in order to address the research questions. The emerging themes, an interpretation of participants' perceptions and attitudes (Stubbs et al., 2013), were described narratively with participant responses (O'Dwyer, 2004). Ultimately, findings are the participants' perspectives interpreted by the researcher seeking to explain: what constitutes the lack of sustainability reporting in New Zealand; how will the revised NZX Code induce the uptake of sustainability reporting among New Zealand's listed organisations; and how might this change their practice in the short-, medium- and long-term goals. Given that every interviewed organisation is well established within their respective industry, the researcher fully acknowledged that these themes were derived from the limited sample of interview data and therefore, the derived themes may not do justice in representing the point of view of small- to medium-sized organisations together with larger non-reporting organisations.

3.5.3.1 An Interview Guide

Because the human brain is not designed to be a supercomputer, as a result our brains have a tendency to forget things and thus, forgetting has consciously become "a central feature of our lives" (Bannon, 2006, p. 6). Moreover, Bannon (2006) simply views forgetting as a normal occurrence within the human brain, "the erasure of a specific memory, or the loss of the link to a memory location (an encoding or decoding problem) " (p. 6). Hence, forgetting is regarded as an example of the fragility of the human mind, whereby our mind is incapable of retaining information forever. In order to overcome this impediment imposed on the human mind, this research used an interview guide as a blueprint to guide the researcher when conducting interviews. In terms of this conceptual notion, an interview guide, within the world of qualitative literacy research, is often referred to as "the brief list of memory prompts of areas to be covered…or questions to be asked in semi-structured interviewing" (Bryman and Bell, 2011, p. 473).

To prepare for an interview guide, the interview questions were largely contextualised from the patterns emerged from the initial investigation of the current uptake of sustainability reporting in New Zealand, the content analysis, and lastly, existing sustainability reporting literature. In order to achieve a comprehensive understanding, the majority of questions were consisted of various implications on 'how, what and why' the changes to the NZX Code might further induce the uptake of sustainability reporting among New Zealand's listed organisations, and what is the likelihood of the revised NZX Code will actually make a difference their disclosure practices. See Appendix 5 for the interview guide.

3.6 Summary and Conclusions

This chapter discussed the rationale for why a mixed methods approach is appropriate to explore the research questions as mentioned in earlier chapters. Data collection was extensive and verifiable including an in-depth quantitative content analysis of the NZX50's publicly available non-financial information measured against the GRI G4 Guidelines, and qualitative semi-structured interviews with sampled organisations in which the interview questions were contextualised from the patterns that emerged from the quantitative dataset and from existing sustainability reporting literature. Data analysis was then conducted using methods relevant to each dataset for data interpretation. This sets the scene for Chapter four and Chapter five which offer research findings and analysis.

Chapter Four

Quantitative Results and Analysis

4.1 Overview

This chapter will unpack the first research question: "*What is the current quantity and quality of non-financial disclosure among the largest 50 New Zealand listed organisations?"* The chapter will provide a combination of quantitative and qualitative perspectives, to provide insights concerning of the current state of reporting. With quantitative statistical analysis, it examines plausible relationships between organisational characteristics and the percentage of GRI G4 non-financial disclosures. This partially replicates the study of Hackston & Milne (1996).

4.2 Introduction

As previously stated, the GRI G4 guidelines have four different sections. The first section looks at general disclosure guidance which examines disclosure items like the CEO statement, corporate profile and governance structure of a reporting organisation as well as its stakeholder engagement. The other three sections are divided into four different sets of performance indicators: economic, environmental, social and product responsibility performance. As for the performance indicators, the economic dimension of sustainability reporting, concerns the impact of an organisation's financial performance. The economic performance indicators include economic supply chain performance of the organisation, market presence, community involvement, and indirect economic impacts. There are nine items in total in the guidelines ranging from EC1-EC9. The environmental dimension of sustainability concerns an organisation's impacts on natural systems and its environmental performance. The environmental indicators look at material, energy, water, emissions, waste and biodiversity aspects. There are 34 items in total in the guidelines ranging from EN1-EN34. The last section of the GRI guidelines, social performance indicators, are divided into four sections as follows; labour practice, human rights, society, and product responsibility aspects. There are 48 items in total in the guidelines ranging from LA1-LA16, HR1-HR12, SO1-SO11 and PR1-PR9.

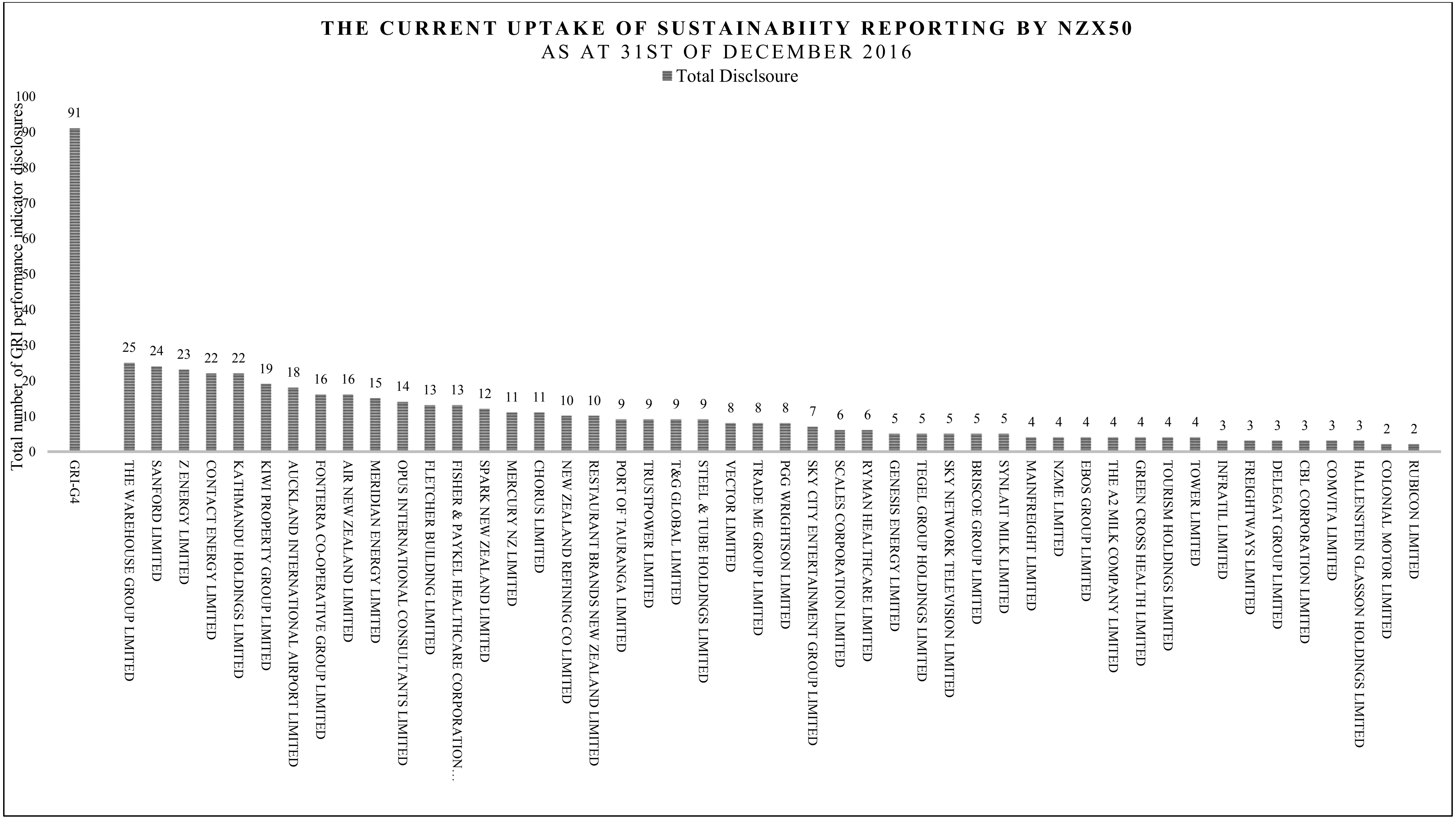
This research fully acknowledges that the use of the GRI guidelines to access the quality of reporting, let alone the level of transparency of disclosure, is not sufficient to distinguish quality of sustainability disclosure made by listed organisations (Clarkson et al., 2008; Milne & Gray, 2013). To overcome this concern raised by numerous researchers, this thesis has constructed a quality index based on Clarkson et al. (2008). They assert that it is feasible to distinguish quality of reporting by closely examining a ratio of hard to soft disclosure items by listed organisations' sustainability information. Table 4 shows the overall number of hard and soft disclosures in the GRI guidelines.

Table 4: Number of Hard and Soft Disclosures of the GRI G4 guidelines

	GRI G4
Hard Disclosure Items	75
Soft Disclosure Items	16

Graph 2 shows a snapshot of the current uptake of the NZX50's sustainability disclosure behaviours in comparison to the total GRI G4 index.

Graph 2: The Current Uptake of Sustainability Reporting among New Zealand's listed organisations



4.2.1 The Most and Least Disclosed GRI items by the NZX50

Further insights into the NZX50's sustainability disclosure behaviours can be gained from examining the most and least disclosed items from the GRI guideline by focusing on the whole sample, and by examining the reporting behaviour on each section (e.g., economic, environmental, and social items). Table 5 presents the overall results, based on the content analysis of each listed organisation's report, when the quality of disclosure standard is set at "rigorous" measure (in which only reasonable disclosure classification is taken into account). To complement this table, full results of the content analysis for reporting and non-reporting can be seen in detail in Appendix 4.1 and 4.2, respectively. A score of 48 for an item would indicate all 48 organisations disclosed on the item to a level of rigorous measure. From the results presented in Table 5, no item comes anywhere near this score, except for issues in which social accounting scholars consider minimum staples "in a stakeholder reporting diet" (Chapman & Milne, 2003, p. 46): for example, economic performance (EC1), indirect economic impacts (EC7 and 8), local communities (SO1), employment (LA1 and 2), occupational health and safety (LA6), and diversity and equal opportunity (LA12). These eight disclosure items (top five hard disclosure items and top three soft disclosure items) were disclosed at what might be considered to be a reasonable level of quality by at least one third of the organisations sampled (i.e. at least 16 organisations).

Table 5: The Most and Least Disclosed GRI Items

Disclosure Indicator	Hard Disclosure item	Score
Economic Performance	G4-EC1 - Direct Economic Value generated	48
Diversity and Equal Opportunity	G4-LA12 - Composition of senior management and breakdown of employees (age/gender/ethnicity)	40
Local Communities	G4-SO1 - Community engagement, impact assessment development programs and practices	26
Employment	G4-LA1 - Workforce statistics	18
Occupational Health and Safety	G4-LA6 - Injuries, absentee rates and work-related fatalities	17
Emissions	G4-EN19 - GHG emission reduction initiatives	14
Emissions	G4-EN15 - Managing impacts of biodiversity	10
Emissions	G4-EN16 - Direct GHG emissions (Scope 1)	9
Compliance	G4-EN29 - Fines for environmental non-compliance	9
Energy	G4-EN6 - Conservation of energy efficiency	8
Economic Performance	G4-EC2 - Financial implications of climate change	8
Public Policy	G4-SO6 - Contribution to political parties	7
Economic Performance	G4-EC3 - Coverage of pension obligations	7
Economic Performance	G4-EC4 - Financial assistance received from government	7
Products and Services	G4-EN27 - Initiatives at mitigate environmental impacts of P&Ss	6
Emissions	G4-EN17 - Indirect GHG emissions (Scope 2)	6
Effluents and Waste	G4-EN23 - Non-processing waste disposal	6
Energy	G4-EN3 - direct energy consumption	5
Training and Education	G4-LA11 - % employee receiving regular performance and career development reviews, by gender and by employee category	4
Emissions	G4-EN18 - Other indirect GHG emissions (Scope 3)	4
Customer Privacy	G4-PR8 - Customer privacy	4
Customer Health and Safety	G4-PR1 - % of significant product and service, which health and safety impacts are assessed	4
Customer Health and Safety	G4-PR2 - Non - compliance with product safety regulations	4
Training and Education	G4-LA9 - Training hours by employee category	3
Supplier Human Rights Assessment	G4-HR10 - % of new suppliers that were screened using human rights criteria	3
Occupational Health and Safety	G4-LA5 - Employees covered by collective bargaining agreements / trade union representation, and coverage of total workforce in health and safety committees	3
Compliance	G4-PR9 - Monetary value of fines for non-compliance with laws and regulations concerning use of products and services	3
Water	G4-EN8 - Water use	2
Supplier Human Rights Assessment	G4-HR11 - Negative human rights in the supply chain and actions taken	2
Supplier Environment Assessment	G4-EN32 - New suppliers that were screened using environmental criteria	2
Supplier Environment Assessment	G4-EN33 - Negative environmental impacts in the supply chain and actions taken	2
Supplier Assessment for Impacts on Society	G4-SO9 - % of new suppliers were screened using criteria for impacts on society	2
Expenditures	G4-EN31 - Environmental protection expenditures and investments or environmental protection expenditures	2
Equal remuneration for Women and Men	G4-LA13 - Ratio of basic salary of men to women by employee category	2
Energy	G4-EN7 - Reduction in energy requirements of P&Ss	2
Employment	G4-LA3 - Return to work and retention rate after parental leave	2

Effluents and Waste	G4-EN22 - Water discharge	2
Effluents and Waste	G4-EN24 - Total number of environmental spills from waste discharges	2
Compliance	G4-SO8 - Significant fines for non-compliance with laws and regulations	2
Water	G4-EN9 - Water source affected by withdrawal of water	1
Supplier Assessment for Labor Practices	G4-LA14 - % of new suppliers that were screened using Labor practices criteria	1
Supplier Assessment for Impacts on Society	G4-SO10 - Negative impacts on society in the supply chain and actions taken	1
Product and Service Labeling	G4-PR4 - Non-compliance regarding product labelling	1
Marketing Communications	G4-PR7 - Non-compliance regarding marketing communications	1
Market Presence	G4-EC5 - Ratio of entry level to minimum wages	1
Local Communities	G4-SO5 - Confirmed incidents of corruption, and actions taken	1
Energy	G4-EN5 - Energy intensity	1
Effluents and Waste	G4-EN25 - Total weight of transported waste	1
Water	G4-EN10 - % water conversion, reuse and recycle	0
Transport	G4-EN30 - Significant environmental impacts from transportation	0
Supplier Environment Mechanisms	G4-EN34 - Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	0
Supplier Assessment for Labor Practices	G4-LA15 - Negative Labor practices in the supply chain and actions taken	0
Products and Services	G4-EN28 - % of recycled products and their packing materials	0
Procurement Practices	G4-EC9 - Payments to locally-based suppliers	0
Non-discrimination	G4-HR3 - Incidents of discrimination and actions taken	0
Materials	G4-EN1 - Materials used	0
Materials	G4-EN2 - % of used that are recycled inputs materials	0
Marketing Communications	G4-PR6 - Sale of banned or disputed products	0
Market Presence	G4-EC6 - Local hiring of senior management positions	0
Local Communities	G4-SO3 - Corruption analysis - proportion of business nits analysed for risks of corruption	0
Local Communities	G4-SO4 - Anti-corruption training	0
Labor Practices Grievance Mechanisms	G4-LA16 - Number of grievances about Labor practices filed, addressed, and resolved through formal grievance mechanisms.	0
Investment	G4-HR1 - Human rights and investment agreement	0
Indigenous Rights	G4-HR8 - Total number of incidents of violating involving rights of indigenous people and actions taken	0
Human Rights Grievance mechanisms	G4-HR12 - Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	0
Freedom of Association and Collective Bargaining	G4-HR4 - freedom of association	0
Forced and Compulsory Labor	G4-HR6 - Forced labour	0
Energy	G4-EN4 - Indirect energy consumption	0
Emissions	G4-EN20 - Ozone-depleting substances by weight	0
Emissions	G4-EN21 - NOx, SOx and other airborne emissions by weight	0
Effluents and Waste	G4-EN26 - Significant environment impacts of water sources by waste discharges and spills	0
Child Labor	G4-HR5 - Child labour	0
Biodiversity	G4-EN11 - land use in protected areas	0
Assessment	G4-HR9 - % and total number of operations that have been subject to human rights reviews	0

Anti-Competitive Behaviour	G4-SO7 - Legal actions for anti-competitive behaviour	0

Disclosure Indicator	Soft Disclosure item	Score
Indirect Economic Impacts	G4-EC8 - Indirect economic impacts	43
Employment	G4-LA2 - Benefits provided to full-time employees	27
Indirect Economic Impacts	G4-EC7 - Infrastructure development	18
Product and Service Labeling	G4-PR5 - Customer satisfaction	14
Training and Education	G4-LA10 - Programs for skills management and lifelong learning that support the employability of employees and assist them in managing career endings	11
Product and Service Labeling	G4-PR3 - Principles and measures related to product labelling	7
Biodiversity	G4-EN12 - Areas significantly impacted by biodiversity	3
Biodiversity	G4-EN13 - Protection and restoration of habitats	3
Biodiversity	G4-EN14 - IUCN red listed species	1
Labor/Management Relations	G4-LA4 - Minimum notice periods regarding operational changes	1
Occupational Health and Safety	G4-LA7 - Workers with high incidence or high-risk of diseases related to their occupation	1
Occupational Health and Safety	G4-LA8 - Trade unions and safety and health	1
Local Communities	G4-SO2 - Operations and associated communities with significant potential or actual negative impacts	1
Investment	G4-HR2 - Employee training concerning aspects of human rights	0
Security Practices	G4-HR7 - Security personnel and human rights training	0
Grievance Mechanisms for Impacts on Society	G4-SO11 - Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	0

EC1 - EC9	**Economic Performance Indicators**
EN1 - EN34	**Environmental Performance Indicators**
	Social Performance Indicators
LA1 - LA16	Labour Practice Performance Indicators
HR1 - HR12	Human Rights Performance Indicators
SO1 - SO11	Society Performance Indicators
PR1 - PR9	Product Responsibility Performance Indicators

Table 5 further reveals that the general level of disclosure is not extensive. By narrowly focussing on other aspects within the GRI guidelines, the fact is that less than one fifth of the organisations sampled could provide specific disclosures about environmental aspects - such as, energy (EN3, 6, and 7), water (EN8 and 9), emissions (EN15, 16, 17, and 18), biodiversity (EN12, 13, and 14), effluents and waste (EN22, 24, and 25), and compliance (EN29) - and social aspects - such as, training and education (LA11), equal remuneration for women and men (LA13), local communities (SO2 and 5), product responsibility dimensions (PR1-4, and 7), and issues concerning suppliers assessments (EN32; LA14 and 15; HR10 and 11; and SO9 and10) and grievances (EN33, LA16, HR12, and SO11). More specifically, almost no organisations could provide detailed disclosure items in respect to human rights (HR1-12), society (SO3, 4, and 7) nor some of the detailed environmental disclosure items - such as materials (EN1 and 2), effluents and waste (EN26), emissions (EN20 and 21) and biodiversity (EN11). Evidently, the results suggested that many of the sustainability issues prescribed within the GRI guidelines were largely not reported; or discussed, targeted, measured and managed by the vast majority of the NZX50.

4.2.2 The Most and Least Disclosed GRI items by themes

Individual section analysis shows that the majority of disclosure items disclosed by most organisations come from the GRI's "economic" indicators. At least one third of the organisations disclosed economic performance indicators related to economic performance (EC1) and indirect economic impacts (EC7 and 8), whereas less than one fifth of the organisations could provide more specific environmental performance indictors related to financial implications of climate change (EC2), coverage of pension obligations (EC3), and financial assistance from government (EC4). The issues related to local hiring of senior management positions (EC6) and payments to locally-based suppliers (EC9) also did not get reported by organisations.

Disclosure on the GRI's "environmental" performance indicators section is patchy. At least one fifth of the organisations could provide detailed environmental performance indicators related to management of biodiversity impacts (EN15) and GHG emissions reductions initiatives (EN19). But less than one fifth of the organisations could provide more specific environmental disclosure in relation to energy (EN3, and 5-7), water (EN8-10), biodiversity (EN12-15), emissions (EN16-20), effluents and waste (EN22-25), products and services (EN27 and 28), environmental protection expenditures (EN31), and supplier environmental assessment (EN32 and 33). The rest of environmental performance indicators did not at all mention by any listed organisations.

Disclosure on the GRI's "social" performance indicators section is also patchy. As regards the GRI's "Labour practice" performance indicators, at least one quarter of the organisations could provide what are perceived to be generic performance indicators, include workforce statistics (LA1), benefits provided to full-time employees (LA2), health and safety statistics (LA6), training and education for management and employees (LA10), and composition of senior management (LA12). In contrast, less than one tenth of the organisations could provide disclosure of what is considered to be topical in relation to labour practices, which include issues related to retention rate after parental leave (LA3), minimum notice periods regarding operation changes (LA4), workers with high-risk of disease to their occupation (LA7), trade unions for health and safety (LA8), training hours by employee category (LA9), ratio of basic salary of men and women by employee category (LA13), and supplier assessment for labor practices (LA15).

Almost no organisations could provide detailed disclosure on the majority of the GRI's "human rights" performance indicators. Two organisations, however, did provide disclosure on issues related to percentage of new suppliers that were screened using human rights criteria (HR10), and negative human rights in the supply chain and actions taken (HR11).

With respect to the GRI's "society" performance indicators section, unsurprisingly, more than half of the organisations did provide disclosure of what is considered to be one of the "most common items" (Chapman and Milne, 2003, p. 46); community engagement (SO1). But less than one fifth of organisations could provide detailed disclosure on other society aspects, such as operations with negative impacts on local communities (SO2), confirmed incidents of corruption (SO5), contribution to political parties (SO6), non-compliance with laws (SO8), and supplier assessment for impacts on society (SO9) and actions taken (SO10). The rest of society performance indicators did not at all get mentioned.

Finally, as regards the GRI's "product responsibility" performance indicators, more than one fifth of the organisations could provide detailed product responsibility performance indicators, in particular customer satisfaction (PR5). However, less than one tenth of the organisations could provide specific product responsibility indicators in relation to % of products and services in which health and safety impacts are assessed (PR1), non-compliance with product safety regulations (PR2), non-compliance regarding product labelling (PR4) and market communications (PR7), and monetary value for non-compliance with product safety regulations (PR9).

When the level of disclosure quality is relaxed to a "generous" measure (in which reasonable and partial disclosures are taken to account), the level of quality of disclosure between two measures remains relatively unchanged. However, issues that are related to environmental aspects - such as, emissions (EN3, 6), water (EN8), and effluent and waste (EN23) - and social aspects - such as, employment (LA1), occupational health and safety (LA6), local communities (SO1), and customer health and safety (PR1) - see a marginal increase. But these issues mainly increased because the level of disclosure was set to include partial disclosure items.

4.2.3 Benchmarking New Zealand's best reporters

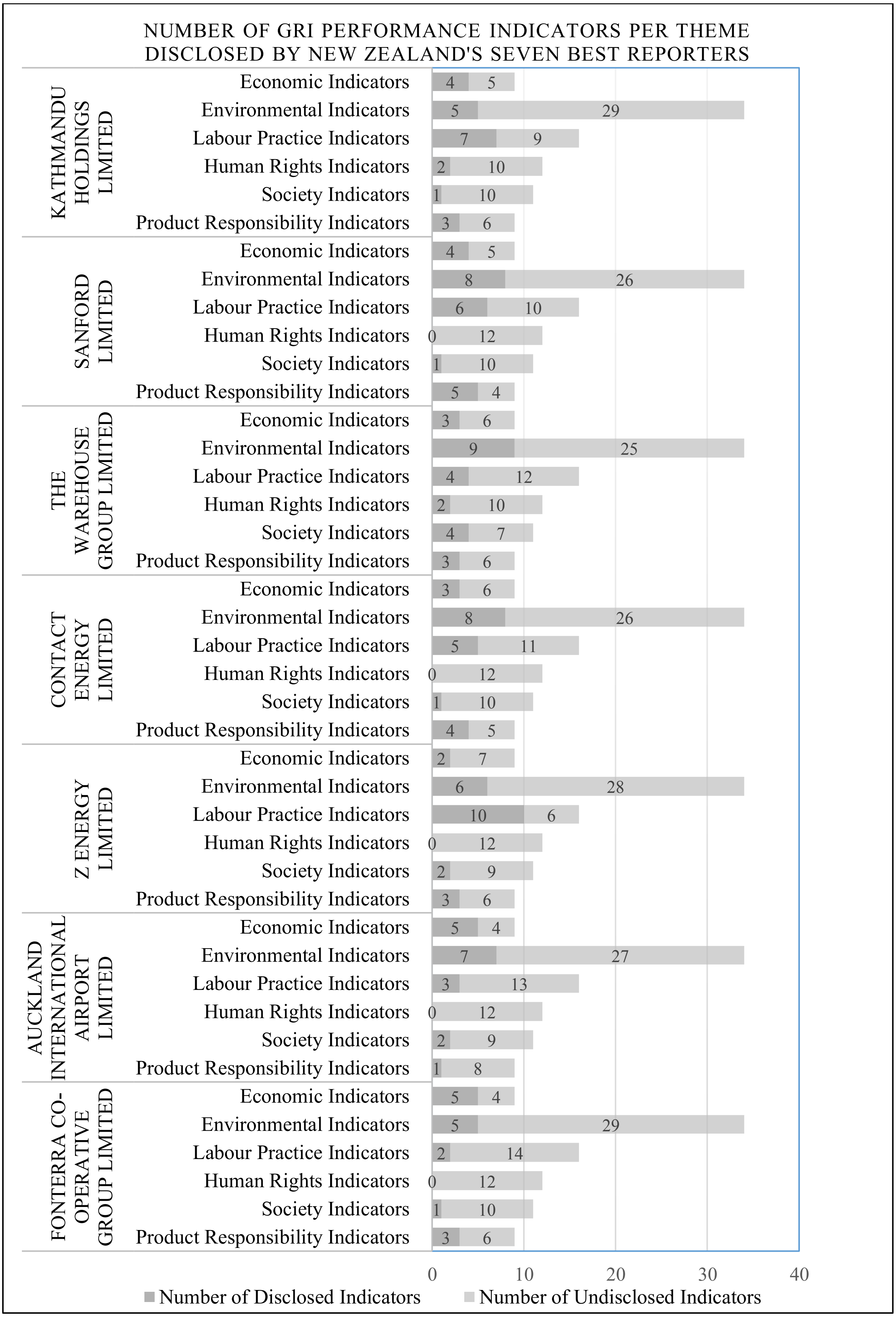
Additional insights can also be gained by examining selected individual reports on each section. To do this, New Zealand's seven best sustainability reporters were handpicked for this analysis. The rationale for cherry picking these seven organisations lies on the presumption that much can be gained by examining the reporting extensiveness of sustainability information disclosed by these organisations. Table 6 presents the seven reporters included in this analysis.

Table 6: New Zealand's Seven Best Sustainability Reporters

Organisation	Industry	Industry Risk	Period
Fonterra Co-operative Group Limited	Agriculture/Consumer Staples	High risk	2016
Auckland International Airport Limited	Transportation	High risk	2016
Z Energy Limited	Energy	High risk	2016
The Warehouse Group Limited	Retailing	High risk	2016
Sanford Limited	Agriculture/Fishing	High risk	2016
Kathmandu Holdings Limited	Apparel and Textiles/Retailing	High risk	2016
Contact Energy Limited	Energy	High risk	2016

A snapshot view of the sustainability disclosure behaviours by the New Zealand's seven best sustainability reporters can be seen in detail in graph 3. This graph presents the number of indicators disclosed against the total GRI performance indicators by these organisations per theme. To complement this graph, table 7 presents the actual GRI performance indicators disclosed per theme by these organisations. Appendix 6 presents the results, based on the content analysis of each organisation's report, when the quality of disclosure standard is set at "rigorous" measure (in which only reasonable disclosure classification is taken into account). A score of seven for an item would indicate all seven organisations disclosed on the item to a level of rigorous measure. Similar to the previously presented results, no item comes anywhere near this score, except for issues in which many sustainability reporting scholars would consider "minimum staples in a stakeholder reporting diet" (Chapman and Milne, 2003, p. 46), namely:

Graph 3: Number of GRI indicators per theme disclosed by New Zealand's seven best reporters



Company	Indicators	Disclosed	Undisclosed
KATHMANDU HOLDINGS LIMITED	Economic Indicators	4	5
	Environmental Indicators	5	29
	Labour Practice Indicators	7	9
	Human Rights Indicators	2	10
	Society Indicators	1	10
	Product Responsibility Indicators	3	6
SANFORD LIMITED	Economic Indicators	4	5
	Environmental Indicators	8	26
	Labour Practice Indicators	6	10
	Human Rights Indicators	0	12
	Society Indicators	1	10
	Product Responsibility Indicators	5	4
THE WAREHOUSE GROUP LIMITED	Economic Indicators	3	6
	Environmental Indicators	9	25
	Labour Practice Indicators	4	12
	Human Rights Indicators	2	10
	Society Indicators	4	7
	Product Responsibility Indicators	3	6
CONTACT ENERGY LIMITED	Economic Indicators	3	6
	Environmental Indicators	8	26
	Labour Practice Indicators	5	11
	Human Rights Indicators	0	12
	Society Indicators	1	10
	Product Responsibility Indicators	4	5
Z ENERGY LIMITED	Economic Indicators	2	7
	Environmental Indicators	6	28
	Labour Practice Indicators	10	6
	Human Rights Indicators	0	12
	Society Indicators	2	9
	Product Responsibility Indicators	3	6
AUCKLAND INTERNATIONAL AIRPORT LIMITED	Economic Indicators	5	4
	Environmental Indicators	7	27
	Labour Practice Indicators	3	13
	Human Rights Indicators	0	12
	Society Indicators	2	9
	Product Responsibility Indicators	1	8
FONTERRA CO-OPERATIVE GROUP LIMITED	Economic Indicators	5	4
	Environmental Indicators	5	29
	Labour Practice Indicators	2	14
	Human Rights Indicators	0	12
	Society Indicators	1	10
	Product Responsibility Indicators	3	6

Table 7: Actual GRI performance indicators disclosed per theme by New Zealand's best reporters

		Number of Disclosed Indicators	Number of Undisclosed Indicators
FONTERRA CO-OPERATIVE GROUP LIMITED	Economic Indicators	EC1, EC2, EC4, EC7, EC8	EC3, EC5, EC6, EC9
	Environmental Indicators	EN6, EN7, EN8, EN12, EN33	EN1, EN2, EN3, EN4, EN5, EN9, EN10, EN11, EN13, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, EN31, EN32, EN34
	Labour Practice Indicators	LA6, LA12	LA1, LA2, LA3, LA4, LA5, LA7, LA8, LA9, LA10, LA11, LA13, LA14, LA15, LA16
	Human Rights Indicators	None	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR10, HR11, HR12
	Society Indicators	SO1	SO2, SO3, SO4, SO5, SO6, SO7, SO8, SO9, SO10, SO11
	Product Responsibility Indicators	PR1, PR3, PR5	PR2, PR4, PR6, PR7, PR8, PR9
AUCKLAND INTERNATIONAL AIRPORT LIMITED	Economic Indicators	EC1, EC2, EC3, EC7, EC8	EC4, EC5, EC6, EC9
	Environmental Indicators	EN3, EN5, EN18, EN19, EN23, EN24, EN29	EN1, EN2, EN4, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16, EN17, EN20, EN21, EN22, EN25, EN26, EN27, EN28, EN30, EN31, EN32, EN33, EN34
	Labour Practice Indicators	LA2, LA11, LA12	LA1, LA3, LA4, LA5, LA6, LA7, LA8, LA9, LA10, LA13, LA14, LA15, LA16
	Human Rights Indicators	None	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR10, HR11, HR12
	Society Indicators	SO1, SO2	SO3, SO4, SO5, SO6, SO7, SO8, SO9, SO10, SO11
	Product Responsibility Indicators	PR5	PR1, PR2, PR3, PR4, PR6, PR7, PR8, PR9
Z ENERGY LIMITED	Economic Indicators	EC1, EC7	EC2, EC3, EC4, EC5, EC6, EC8, EC9
	Environmental Indicators	EN3, EN15, EN16, EN19, EN23, EN29	EN1, EN2, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN17, EN18, EN20, EN21, EN22, EN24, EN25, EN26, EN27, EN28, EN30, EN31, EN32, EN33, EN34
	Labour Practice Indicators	LA1, LA2, LA3, LA5, LA6, LA7, LA10, LA11, LA12, LA13	LA4, LA8, LA9, LA14, LA15, LA16
	Human Rights Indicators	None	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR10, HR11, HR12
	Society Indicators	SO1, SO8	SO2, SO3, SO4, SO5, SO6, SO7, SO9, SO10, SO11
	Product Responsibility Indicators	PR5, PR7, PR8	PR1, PR2, PR3, PR4, PR6, PR8
CONTACT ENERGY LIMITED	Economic Indicators	EC1, EC7, EC8	EC2, EC3, EC4, EC5, EC6, EC9
	Environmental Indicators	EN8, EN12, EN13, EN15, EN19, EN22, EN27, EN29	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN9, EN10, EN11, EN14, EN16, EN17, EN18, EN20, EN21, EN23, EN24, EN25, EN26, EN28, EN30, EN31, EN32, EN33, EN34
	Labour Practice Indicators	LA1, LA6, LA10, LA12, LA13	LA2, LA3, LA4, LA5, LA7, LA8, LA9, LA11, LA14, LA15, LA16
	Human Rights Indicators	None	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR10, HR11, HR12
	Society Indicators	SO1	SO2, SO3, SO4, SO5, SO6, SO7, SO8, SO9, SO10, SO11
	Product Responsibility Indicators	PR2, PR5, PR8, PR9	PR1, PR3, PR4, PR6, PR7, PR7, PR8, PR9
THE WAREHOUSE GROUP LIMITED	Economic Indicators	EC1, EC7, EC8	EC2, EC3, EC4, EC5, EC6, EC9
	Environmental Indicators	EN3, EN6, EN15, EN16, EN17, EN18, EN19, EN32, EN33	EN1, EN2, EN4, EN5, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, EN31, EN34
	Labour Practice Indicators	LA2, LA10, LA11, LA12	LA1, LA3, LA4, LA5, LA6, LA7, LA8, LA9, LA13, LA14, LA15, LA16
	Human Rights Indicators	HR10, HR11	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR12
	Society Indicators	SO1, SO6, SO9, SO10	SO2, SO3, SO4, SO5, SO7, SO8, SO11
	Product Responsibility Indicators	PR3, PR5, PR8	PR1, PR2, PR4, PR6, PR7, PR9
SANFORD LIMITED	Economic Indicators	EC1, EC2, EC4, EC8	EC3, EC5, EC6, EC7, EC9
	Environmental Indicators	EN3, EN6, EN12, EN14, EN15, EN16, EN17, EN24	EN1, EN2, EN4, EN5, EN7, EN8, EN9, EN10, EN11, EN13, EN18, EN19, EN20, EN21, EN22, EN23, EN25, EN26, EN27, EN28, EN29, EN30, EN31, EN32, EN33, EN34
	Labour Practice Indicators	LA1, LA6, LA8, LA9, LA10, LA12	LA2, LA3, LA4, LA5, LA7, LA11, LA13, LA14, LA15, LA16
	Human Rights Indicators	None	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR10, HR11, HR12
	Society Indicators	SO1	SO2, SO3, SO4, SO5, SO6, SO7, SO8, SO9, SO10, SO11
	Product Responsibility Indicators	PR1, PR2, PR3, PR5, PR9	PR4, PR6, PR7, PR8
KATHMANDU HOLDINGS LIMITED	Economic Indicators	EC1, EC2, EC7; EC8	EC3, EC4, EC5, EC6, EC9
	Environmental Indicators	EN16, EN17, EN18, EN19, EN27	EN1, EN2, EN3, EN4, EN5, EN6, EN7, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN28, EN29, EN30, EN31, EN32, EN33, EN34
	Labour Practice Indicators	LA1, LA2, LA3, LA6, LA10, LA11, LA12	LA4, LA5, LA7, LA8, LA9, LA13, LA14, LA15, LA16
	Human Rights Indicators	HR10, HR11	HR1, HR2, HR3, HR4, HR5, HR6, HR7, HR8, HR9, HR12
	Society Indicators	SO1	SO2, SO3, SO4, SO5, SO6, SO7, SO8, SO9, SO10, SO11
	Product Responsibility Indicators	PR1, PR2, PR8	PR3, PR4, PR5, PR6, PR7, PR9

economic performance (EC1), emissions (EN19), local communities (SO1), employment (LA2), training and education (LA10), occupational health and safety (LA6), and diversity and equal opportunity (LA12). Of these seven disclosure items were disclosed at what might be considered to be a reasonable level of quality by more than two thirds of the organisations sampled.

4.2.3.1 Section analysis

Section analysis by organisations shows that the most frequently used GRI's "economic" indicators were EC1 (direct economic value generated), EC2 (financial implications of climate change), EC7 (infrastructure development) and EC8 (indirect economic impacts). While, the least frequently used economic indicators were EC3 (coverage of pension obligations) and EC4 (financial assistance received from government). EC5 (ratio of entry level to minimum wages), EC6 (local hiring of senior management positions), and EC9 (payments to locally-based suppliers) were not at all reported.

The GRI's "environmental" performance indicators section, arguably the section that relates environmental aspects to organisational performance metrics, is patchy. For the organisations that did report on environmental aspects, the most frequently used environmental indicators, the EN19 (GHG emission reduction initiatives) was mentioned by five organisations. While the EN3 (direct energy consumption), EN6 (conservation of energy efficiency), EN15 (managing impacts of biodiversity) and EN16 (direct GHG emissions - scope 1) were mentioned four times by three different sets of organisations. The least frequently used indicators were reported by one organisation. These indicators were EN5 (energy intensity), EN7 (reduction in energy requirements of P&Ss), EN22 (water discharge), and EN32 (new suppliers that were screened using environmental criteria). Although the EN12 (areas significant affected by withdrawal of water), EN24 (total number of environmental spills from waste discharges), and EN33 (negative environmental impacts in the supply chain and actions taken) were mentioned by two organisations. The analysis also shows that 14 out of 34 environmental indicators were not at all reported by any organisation in this sample. These indicators were environmental that related to materials (EN1 and EN2), energy (EN4), water (EN9 and EN10), biodiversity (EN11), Emissions (EN20 and EN21), effluents and waste (EN25 and 26), products and services (EN28), transportation (EN30), environmental protection expenditure (EN31), and supplier mechanisms (EN34). Overall, there was a lack of balance among the GRI's environmental indicators reported by these organisations, with the majority of reported environmental indicators occurring in energy and emissions; whereas topical environmental issues in relation to water, biodiversity, effluents and waste, product and services, and supplier environment assessment received much lesser attention.

Disclosure on items in the overall GRI's "social" performance indicators is also patchy. In respect to the GRI's "labor practice" performance indicators, every organisation appeared to report LA12 (composition of senior management and breakdown of employees). The most frequently used labor practice indicators could be seen in LA6 (injuries, absentee rates and work-related fatalities) and LA 10 (programmes for skills management and lifelong learning), which mentioned by five organisations. In contrast, the least frequently used indicators were reported by one organisation. These indicators were LA5 (employees covered by collective bargaining power), LA7 (workers with high incidence or high-risk of diseases related to their occupation), LA8 (trade unions), and LA 9 (training hours by employee category). The analysis further shows labor practice issues such as labor/management relations (LA4), suppliers assessments for labor practices (LA14 and LA15), and Labor practice grievance mechanisms (LA16) were not at all reported by any organisation in this sample. Z energy, however, provides an example of best practice from this section. Overall, the coverage of labor practice indicators was not well covered by the majority of these organisations, therefore, there is a room for further improvement.

As regards to the GRI's "human rights" performance, almost no organisations have made an attempt to report on these indicators. The Warehouse and Kathmandu, however, reported on HR10 (% of new suppliers that were screened using human rights criteria) and HR11 (negative human rights in the supply chain and actions taken). Overall, there are no examples of best practices from this section, and the analysis recognises this as an area for improvement.

Of those related to the GRI's "society" performance indicators, every organisation reported on an indicator in which is considered to be one of the "minimum staples in a stakeholder reporting diet" (Chapman and Milne, 2003, p. 46) such as community engagement (SO1). Among these organisations' sustainability reports, there were no specific society performance indicators that were used frequently. On the other hand, topical social issues that related to corporate governance, such as anti-corruption (SO3-5), anti-competitive behaviour (SO7), compliance (SO8), supplier assessment on society (SO9-10), and grievance mechanisms for impact on society (SO11) were largely not reported. With the exception of the Warehouse, the coverage of society indicators reported by the rest of the organisations was inconsistent, where the majority of organisations tended to emphasis on a generic society indicator such as the SO1, rather than wider social issues.

The last section examines the GRI's "product responsibility" performance indicators. There was no specific product responsibility performance indicators that were used frequently. Nonetheless, the most used frequently disclosed product responsibility indicator, PR5 (customer satisfaction), was mentioned by six organisations. Overall, with the exception of Sanford, the coverage of product responsibility indicators by the rest of the organisations was generally poorly covered, where the organisations tended to put an emphasis on a generic product responsibility indicator such as PR5; whereas more topical product responsibility issues such as PR1 (% of significant product and service, which health and safety impacts are assessed) and PR3 (principles and measures related to product labelling) were barely discussed.

4.3 Replicating the study of Hackston & Milne (1996)

Previous empirical evidence indicated that there was an overlap between the amount of non-financial disclosure and organisational characteristics (Hackston & Milne, 1996) - such as firm size (Jones et al., 2007; Hackston & Milne, 1996), industry background (Griffin & Mahon, 1997; Graves & Waddock, 1994, Hackston & Milne, 1996), organisational profitability index (Hackston & Milne, 1998) and overseas listing(s) (Hackston & Milne, 1996). To make sense of these meaningful relationships, this study partially replicates the study of Hackston & Milne (1996) with the intention to understand the effects of organisational characteristics on the quality of non-financial disclosures by the NZX50 in 2017.

4.3.1 Descriptive Statistics

Table 8 represents the descriptive statistics for the continuous independent variables of size, profitability index, and the twelve dependent variables of the GRI measure. The table shows the minimum, maximum, mean, standard deviation, skewness and kurtosis. Due to a breach of the normality assumption, three of the size measures have been transformed using their natural log, while the four profitability measures, expressed as percentages, satisfied the assumption of normality and, therefore, they have been left unadjusted. The twelve GRI measures have also been left unadjusted as they represent the actual percentage of total non-financial disclosures made by the NZX50.

Table 8: Descriptive statistics for continuous variables

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
<u>Independent variables:</u>									
Size measures									
Market Capitalisation ($M NZD)	48	100.00	9119.00	2018.10	2225.56	1.546	0.343	1.865	0.674
Nat Log of Market Capitalisation 2016	48	18.42	22.93	20.76	1.26	-0.106	0.343	-1.131	0.674
Total Sales ($M NZD)	48	218.05	17199.00	1666.10	2900.29	3.921	0.343	18.070	0.674
Nat Log of Sales 2016	48	19.20	23.57	20.52	1.07	0.934	0.343	0.322	0.674
Total Assets ($M NZD)	48	78.63	17118.00	2487.74	3195.02	2.460	0.343	8.298	0.674
Nat Log of Total Assets 2016	48	18.18	23.56	20.90	1.27	0.130	0.343	-0.959	0.674
Profitability measures									
Return on Assets (using EBIT) 2016	48	-7.39%	25.29%	9.39%	6.94%	0.237	0.343	0.946	0.674
Average Return on Assets (using EBIT) 2012-2016	48	-3.93%	27.26%	9.14%	6.15%	0.772	0.343	1.096	0.674
Return on Equity (using EBIT) 2016	48	-17.65%	55.84%	18.27%	13.20%	-0.174	0.343	1.415	0.674
Average Return on Equity (using EBIT) 2012-2016	48	-9.93%	40.86%	18.12%	11.56%	0.202	0.343	-0.162	0.674
<u>Dependent Variable:</u>									
GRI measures									
Total GRI %	48	2.20%	27.47%	10.26%	7.09%	0.978	0.343	-0.046	0.674
Total Hard %	48	1.33%	25.33%	8.78%	6.97%	0.975	0.343	-0.219	0.674
Total Soft %	48	0.00%	43.75%	17.19%	10.03%	0.621	0.343	-0.043	0.674
Total Eco %	48	11.11%	55.56%	30.55%	10.87%	0.676	0.343	-0.050	0.674
Total Eco Hard %	48	14.29%	57.14%	21.13%	10.20%	1.539	0.343	2.284	0.674
Total Eco Soft %	48	0.00%	100.00%	63.54%	30.49%	-0.211	0.343	-0.512	0.674
Total Env %	48	0.00%	26.47%	6.19%	8.65%	1.098	0.343	-0.247	0.674
Total Env Hard %	48	0.00%	29.03%	6.32%	8.78%	1.078	0.343	-0.288	0.674
Total Env Soft %	48	0.00%	66.67%	4.86%	15.36%	3.287	0.343	10.344	0.674
Total Soc %	48	0.00%	29.17%	9.33%	7.26%	1.222	0.343	1.111	0.674
Total Soc Hard %	48	0.00%	29.73%	8.50%	7.23%	1.328	0.343	1.334	0.674
Total Soc Soft %	48	0.00%	36.36%	12.12%	10.33%	0.659	0.343	-0.025	0.674
Valid N (listwise)	48								

Table 9 represents the classification of the NZX50 by industry. In this table, two industry variations were included. For the first industry variation (industry variation 1), partitioning the high- and low-profile industry classification on a basis of Hackston & Milne (1996) resulted in 35 high-profile cases, and 13 low-profile cases. Because of an imbalance of the industry classification within industry variation 1, a further amendment to this industry variation was therefore needed. To adjust for this, ACS (Accommodation and food service activities) and WST (Wholesale and retail trade) industries were exempted from the high-profile industry classification, and these industries were reclassified into the low-profile industries. The logical explanation of cherry-picking these two industries lies on the assumption that these industries do not typically experience greater public pressures for compliance than other high-profile industries in this sample. Hence, the second industry variation (industry variation 2) consisted of 25 high-profile cases and 23 low-profile cases as shown in Table 9.

Table 9: Classification of organisations by industry

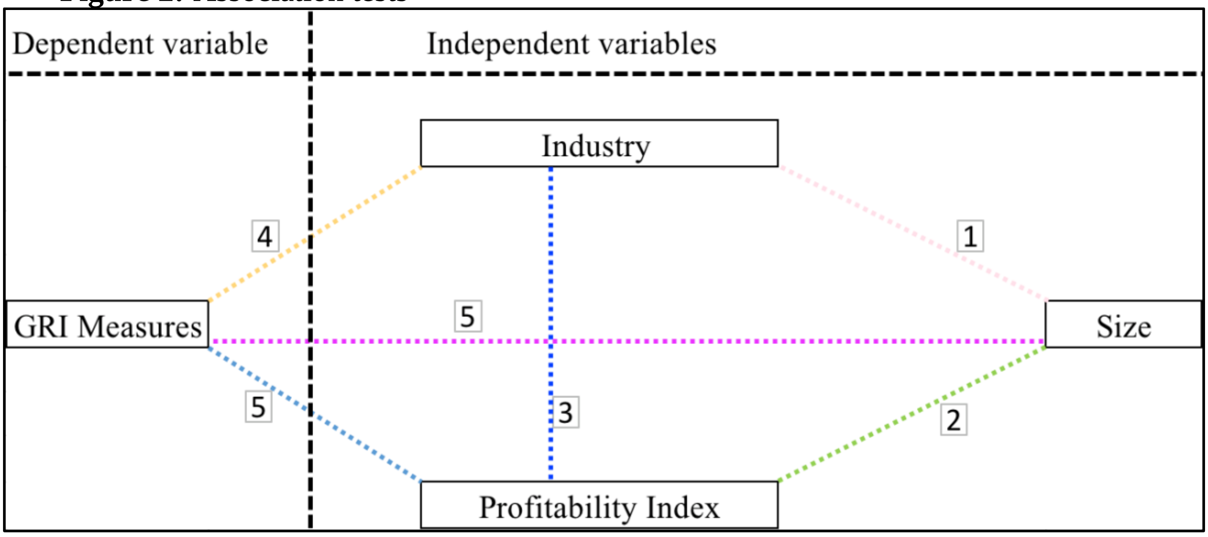
Market Capitalisation Rank	Reporter or Non-Reporter	Organisation Name	NZX Industrial Class	Industry Variation 1	Industry Variation 2
20	Reporter	SANFORD LIMITED	AGS	1	1
21	Reporter	SCALES CORPORATION LIMITED	AGS	1	1
42	Non-Reporter	PGG WRIGHTSON LIMITED	AGS	1	1
48	Non-Reporter	RUBICON LIMITED	AGS	1	1
3	Reporter	MERIDIAN ENERGY LIMITED	ELE	1	1
7	Reporter	MERCURY NZ LIMITED	ELE	1	1
8	Reporter	CONTACT ENERGY LIMITED	ELE	1	1
9	Reporter	VECTOR LIMITED	ELE	1	1
13	Reporter	TRUSTPOWER LIMITED	ELE	1	1
15	Reporter	GENESIS ENERGY LIMITED	ELE	1	1
1	Reporter	FONTERRA CO-OPERATIVE GROUP LIMITED	MAN	1	1
5	Reporter	FLETCHER BUILDING LIMITED	MAN	1	1
6	Reporter	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED	MAN	1	1
18	Reporter	NEW ZEALAND REFINING CO LTD	MAN	1	1
24	Reporter	TEGEL GROUP HOLDINGS LIMITED	MAN	1	1
34	Non-Reporter	THE A2 MILK COMPANY LIMITED	MAN	1	1
37	Non-Reporter	DELEGAT GROUP LIMITED	MAN	1	1
38	Non-Reporter	SYNLAIT MILK LIMITED	MAN	1	1
40	Non-Reporter	COMVITA LIMITED	MAN	1	1
45	Non-Reporter	STEEL & TUBE HOLDINGS LIMITED	MAN	1	1
2	Reporter	AUCKLAND INTERNATIONAL AIRPORT LIMITED	TRN	1	1
12	Reporter	PORT OF TAURANGA LIMITED	TRS	1	1
14	Reporter	AIR NEW ZEALAND LIMITED	TRS	1	1
31	Non-Reporter	INFRATIL LIMITED	TRS	1	1
35	Non-Reporter	FREIGHTWAYS LIMITED	TRS	1	1
22	Reporter	RESTAURANT BRANDS NEW ZEALAND LIMITED	ACS	1	0
11	Reporter	Z ENERGY LIMITED	WST	1	0
19	Reporter	THE WAREHOUSE GROUP LIMITED	WST	1	0
23	Reporter	KATHMANDU HOLDINGS LIMITED	WST	1	0
25	Reporter	T&G GLOBAL LIMITED	WST	1	0
29	Non-Reporter	EBOS GROUP LIMITED	WST	1	0
36	Non-Reporter	BRISCOE GROUP LIMITED	WST	1	0
41	Non-Reporter	GREEN CROSS HEALTH LIMITED	WST	1	0
44	Non-Reporter	COLONIAL MOTOR COMPANY LIMITED	WST	1	0
47	Non-Reporter	HALLENSTEIN GLASSON HOLDINGS LIMITED	WST	1	0
17	Reporter	MAINFREIGHT LIMITED	ADS	0	0
43	Non-Reporter	TOURISM HOLDINGS LIMITED	ADS	0	0
10	Reporter	SKY CITY ENTERTAINMENT GROUP LIMITED	AER	0	0
39	Non-Reporter	CBL CORPORATION LIMITED	FIN	0	0
46	Non-Reporter	TOWER LIMITED	FIN	0	0
28	Non-Reporter	RYMAN HEALTHCARE LIMITED	HUM	0	0
4	Reporter	SPARK NEW ZEALAND LIMITED	INC	0	0
27	Reporter	NZME LIMITED	INC	0	0
30	Non-Reporter	SKY NETWORK TELEVISION LIMITED	INC	0	0
32	Non-Reporter	TRADE ME GROUP LIMITED	INC	0	0
33	Non-Reporter	CHORUS LIMITED	INC	0	0
16	Reporter	KIWI PROPERTY GROUP LIMITED	OTR	0	0
26	Reporter	OPUS INTERNATIONAL CONSULTANTS LIMITED	PST	0	0

Note: ACS = Accommodation and food service activities; ADS = Administrative and support service activities; AER = Arts, entertainment and recreation; AGS = Agriculture, forestry and fishing; ELE = Electricity, gas, steam and air conditioning; FIN = Financial and insurance activities; HUM = Human health and social work activities; INC = Information and communication; MAN = Manufacturing; OTR = Other service activities; PST = Professional, scientific and technical activities; TRS = Transportation and storage; WST = Wholesale and retail trade. Industry classification = (1) high profile, and (0) low profile.

4.3.2 Association tests

This study used multivariate regression analysis to examine potential determinants of sustainability disclosures among the NZX50. However, before any further investigations could take place, it was crucial to validate each of the testing variables. This was to ensure robustness of the relationships between different continuous dependent and independent variables for further analysis. In terms of association tests, six statistical tests were conducted. An illustration of these tests can be seen in Figure 2 below.

Figure 2: Association tests



4.3.2.1. 1st Association test - Industry and Size

The first association test is between **INDUSTRY** and **SIZE**. An independent-samples t-test was conducted to compare the size of the sample organisations in high and low-profile industry conditions, to see whether there is a significant difference between condition means.

Industry variation 1

The results illustrated that there were no significant associations between sizes in high- and low-profile industry conditions ($\rho > 0.05$), implying that there is a similar amount of relatively large and small organisations within high- and low-profiles industries.

Table 10: t-tests for the effect of industry variation 1 on size measures

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Dependent Variable						
Size:						
Nat Log of 2016 Sales	20.66	20.16	0.499	0.344	1.451	0.154
Nat Log of 2016 total assets 2016	20.87	20.99	-0.125	0.417	-0.300	0.766
Nat Log of 2016 market capitalization	20.78	20.69	0.087	0.414	0.210	0.835

Note: Industry 1 is partitioned into high-profile (35 cases) and low-profile (13 cases)

Overall, the results were highly consistent with the study of Hackston & Milne (1996), indicating that high-profile industry organisations are not significantly larger than low-profile industry organisations ($\rho < 0.05$). High-profile industries do appear to have a larger market capitalisation, but it is only marginal at the 10% level of significance ($\rho < 0.1$) when the industry classification has been adjusted as per industry variation 2 (See appendix 7.1.1).

4.3.2.2. 2nd Association test - Size and Profitability Index

The second association test is between **SIZE** and **PROFIABILITY INDEX.** The Pearson's correlation coefficients were computed to assess the relationship between the profitability measures in relation to the size measures.

Table 11: Pearson correlation coefficients for size and profitability measures

		Nat Log of 2016 Sales	Nat Log of 2016 market capitalization	Nat Log of 2016 total assets 2016	Return on Assets (using EBIT) 2016	Average Return on Assets (using EBIT) 2012-2016	Return on Equity (using EBIT) 2016
Nat Log of 2016 market capitalization	Pearson Correlation	.548**					
	Sig. (2-tailed)	0.000					
	Spearman Correlation	.496**					
Nat Log of 2016 total assets 2016	Pearson Correlation	.663**	.837**				
	Sig. (2-tailed)	0.000	0.000				
	Spearman Correlation	.600**	.834**				
Return on Assets (using EBIT) 2016	Pearson Correlation	-0.038	0.062	-.348*			
	Sig. (2-tailed)	0.800	0.677	0.015			
	Spearman Correlation	-0.048	-0.044	-.411**			
Average Return on Assets (using EBIT) 2012-2016	Pearson Correlation	-0.121	-0.011	-.386**	.775**		
	Sig. (2-tailed)	0.412	0.939	0.007	0.000		
	Spearman Correlation	-0.126	-0.041	-.379**	.852**		
Return on Equity (using EBIT) 2016	Pearson Correlation	0.186	0.141	-0.138	.862**	.590**	
	Sig. (2-tailed)	0.207	0.339	0.350	0.000	0.000	
	Spearman Correlation	0.132	-0.017	-0.278	.858**	.701**	
Average Return on Equity (using EBIT) 2012-2016	Pearson Correlation	0.067	0.075	-0.149	.564**	.818**	.646**
	Sig. (2-tailed)	0.651	0.612	0.313	0.000	0.000	0.000
	Spearman Correlation	0.131	0.030	-0.152	.660**	.848**	.755**

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The results indicated that almost none of the four profitability measures were significantly correlated with the three size measures ($\rho > 0.05$). There were negative correlations shown between the natural log of total assets and the return on assets measures, return on assets (r = -0.348, n = 48, p = 0.015) and average return on assets (r = -0.386, n = 48, p = 0.007). Perhaps it is not surprising since total assets are essentially the components of the return on assets measures. Overall, the results were highly consistent with the study of Hackston & Milne (1996), where size measures appear to be not associated with profitability of the sampled organisations.

4.3.2.3. 3rd Association test - Industry and Profitability Index

The third association test is between **INDUSTRY** and **PROFITABIITY INDEX**. An Independent-samples t-test was conducted to compare the profitability of listed New Zealand organisations in high and low-profile industry conditions, to see whether there is a significant difference between Industry and profitability index.

Industry variation 1

The results illustrated that there were no significant differences between the four profitability measures of listed New Zealand organisations in high and low-profile industry conditions ($\rho > 0.05$). At the 10% level of significance, the single-year return on assets for 2016 became marginally significant for high-profile industry (M = 10.462%, SD = 6.773%) and low-profile industry (M = 6.505%, SD = 6.792%) conditions; t(46), p = 0.079.

Table 12: t-tests for the effect of industry variation 1 on profitability measures

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Independent variable						
Profitability:						
Return on Assets (using EBIT) 2016	10.46%	6.51%	3.96%	2.20%	1.797	0.079
Average Return on Assets (using EBIT) 2012-2016	9.44%	8.34%	1.10%	2.01%	0.547	0.587
Return on Equity (using EBIT) 2016	20.18%	13.16%	7.02%	4.21%	1.668	0.102
Average Return on Equity (using EBIT) 2012-2016	17.51%	19.76%	2.25%	3.78%	-0.594	0.555

Note: Industry 1 is partitioned into high-profile (35 cases) and low-profile (13 cases)

These results were consistent with the study of Hackston & Milne (1996), where they found the relationship between industry and profitability measures to be of no significant difference. Similarly, the results did not change much after variation industry 2 was taken into account, except one of the profitability measures of listed New Zealand organisations (the average return of equity 2012-2016) for high-profile industry (M = 14.102%, SD = 9.255%) and low-profile industry (M = 22.484%, SD = 12.403%) conditions; t(40.557), p = 0.012 (See Appendix 7.1.2). The results imply that the sampled organisations that operated in the high-profile industries are not capable of producing a higher return on equity than the sampled organisations within the low-profile industries across a five-year period. To conclude, perhaps, it is not surprising that this study mainly focuses on large multinationals, such as the NZX50 (the largest 50 New Zealand's listed organisations), as ranked by their market capitalisation. Regardless of whether the organisation operates in a high-profile industry or not, these listed organisations will always produce higher profitability returns for their investors.

4.3.2.4. 4th Association test - GRI measures and Industry

The forth association test is between **GRI MEASURES** and **INDUSTRY.** An Independent-samples t-test is used to compare GRI measures in high- and low-profile industry conditions, to see whether there is a significant difference between condition means.

Industry variation 1

The results indicated that there were almost no signs of significant associations between GRI measures in high and low-profile industry conditions (ρ > 0.05), however there was a significant difference in the Total Eco Hard % for the high-profile industry (M = 22.859%, SD = 11.0638%) and low-profile industry (M = 16.487%, SD = 5.363%) conditions; t(46), p = 0.011. In addition, there was also a significant difference in the Total Env Soft % for the high-profile industry (M = 6.667%, SD = 17.713%) and low-profile industry (M=0.000%, SD = 0.000%) conditions; t(46), p = 0.033. Overall, this suggests that the sampled organisations within the high-profile industries are more likely to report a greater volume of the soft environmental key performance indicators than organisations within low-profile industries, and a similar explanation applies to the hard economic key performance indicators. The overall results indicate that high-profile industry organisations do not generally disclose significantly more non-financial information than low-profile industry organisations.

Table 13: t-tests for the effect of industry variation 1 on GRI measures

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Dependent Variable						
GRI Measures:						
Total GRI %	10.86%	8.62%	2.24%	2.31%	0.972	0.336
Total Hard %	9.49%	6.87%	2.61%	2.26%	1.158	0.253
Total Soft %	17.32%	16.83%	0.50%	3.29%	0.150	0.881
Total Eco %	31.43%	28.20%	3.22%	3.54%	0.911	0.367
Total Eco Hard %	22.86%	16.49%	6.37%	2.39%	2.667	0.011
Total Eco Soft %	61.43%	69.23%	-7.80%	9.94%	-0.785	0.437
Total Env %	7.06%	3.85%	3.21%	2.45%	1.312	0.200
Total Env Hard %	7.10%	4.22%	2.88%	2.85%	1.010	0.318
Total Env Soft %	6.67%	0.00%	6.67%	2.99%	2.227	0.033
Total Soc %	9.70%	8.33%	1.37%	2.37%	0.577	0.567
Total Soc Hard %	8.96%	7.28%	1.68%	2.36%	0.712	0.480
Total Soc Soft %	12.21%	11.89%	0.32%	3.39%	0.094	0.925

Note: Industry 1 is partitioned into high-profile (35 cases) and low-profile (13 cases)

Similar to the results displayed in the industry variation 1, the results indicated that there were almost no signs of significant associations between GRI measures in high and low-profile industry conditions ($\rho > 0.05$) after the industry variation 2 was taken into account (See Appendix 7.1.3), although there was a significant difference in the Total Eco Hard % for high-profile industry (M = 24.573%, SD = 12.036%) and low-profile industry (M = 17.384%, SD = 6.022%) conditions; t(46), p = 0.012. Besides, there was also a significant difference in the Total Env Soft % for high-profile industry (M = 9.333%, SD = 20.458%) and low-profile industry (M=0.000%, SD = 0.000%) conditions; t(46), p = 0.032. Overall, both industry variations show a general lack of relationship with GRI disclosure performance. But these results are inconsistent with the study of Hackston & Milne (1996), and the logical explanation may possibly lie in the rigorous assessment of non-financial information disclosure used in this study, and the relatively lack of non-financial disclosure by the NZX50.

4.3.2.5. 5th Association test - GRI measures and Size

The fifth association test is between **GRI MEASURES** and **SIZE**. The Pearson's correlation coefficients were computed to assess the relationship between the GRI measures and size measures. These are show in Table 14 on the next page.

At a 5% level of significance ($\rho < 0.05$), three of the size measures (Nat log of sales 2016, Nat log of market capitalisation 2016, and Nat Log of assets 2016) were marginally correlated with Total GRI %, Total Hard %, Total Env % and Total Env Hard %. Furthermore, the results likewise displayed positive correlations between Total Soft % and size, when measured by Nat Log of market capitalisation 2016 and Nat log assets 2016. While, at a 10% level of significance; Total Eco Soft %, Total Env Soft %, Total Soc %, and Total Soc Hard % became marginally significant when measured with Nat Log of Assets 2016. To alleviate any concerns over the non-normality of dependent variable measures, Spearman's rank correlations are also reported. Unsurprisingly, the results closely resembled what the researcher found in Pearson's correlations.

Based on the results, firm size does have a limited influence on the extensiveness of non-financial information disclosures, especially the total key performance indicators (Total GRI%), the total hard key performance indicators (Total Hard %), the total environmental key performance indicators (Total Env %), and the total hard environmental key performance indicators (Total Env Hard %). In an attempt to investigate these associations further, multivariate regression analysis was used to analyse these associations in more detail in a later section.

Table 14: Pearson's correlation coefficients for GRI measures and Size

		Nat Log of Sales 2016	Nat Log of Total Assets 2016	Nat Log of Market Capitalisation 2016
Total GRI %	Pearson Correlation	.339*	.397**	.383**
	Sig. (2-tailed)	0.019	0.005	0.007
	Spearman Correlation	.333*	.480**	.464**
Total Hard %	Pearson Correlation	.344*	.372**	.375**
	Sig. (2-tailed)	0.017	0.009	0.009
	Spearman Correlation	.318*	.448**	.445**
Total Soft %	Pearson Correlation	0.241	.387**	.319*
	Sig. (2-tailed)	0.099	0.007	0.027
	Spearman Correlation	0.220	.374**	.345*
Total Eco %	Pearson Correlation	0.134	0.266	0.244
	Sig. (2-tailed)	0.362	0.067	0.095
	Spearman Correlation	0.084	0.231	0.249
Total Eco Hard %	Pearson Correlation	0.074	0.111	0.101
	Sig. (2-tailed)	0.617	0.451	0.495
	Spearman Correlation	-0.020	0.119	0.108
Total Eco Soft %	Pearson Correlation	0.129	.296*	0.273
	Sig. (2-tailed)	0.383	0.041	0.061
	Spearman Correlation	0.112	0.248	0.275
Total Env %	Pearson Correlation	.413**	.417**	.431**
	Sig. (2-tailed)	0.004	0.003	0.002
	Spearman Correlation	.320*	.460**	.486**
Total Env Hard %	Pearson Correlation	.400**	.399**	.429**
	Sig. (2-tailed)	0.005	0.005	0.002
	Spearman Correlation	.309*	.452**	.484**
Total Env Soft %	Pearson Correlation	0.272	.306*	0.214
	Sig. (2-tailed)	0.061	0.035	0.145
	Spearman Correlation	.293*	.363*	0.281
Total Soc %	Pearson Correlation	0.242	.310*	0.278
	Sig. (2-tailed)	0.098	0.032	0.056
	Spearman Correlation	.291*	.471**	.410**
Total Soc Hard %	Pearson Correlation	0.247	.291*	0.270
	Sig. (2-tailed)	0.091	0.044	0.064
	Spearman Correlation	.310*	.475**	.419**
Total Soc Soft %	Pearson Correlation	0.161	0.263	0.218
	Sig. (2-tailed)	0.275	0.070	0.137
	Spearman Correlation	0.168	0.262	0.223

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.3.2.6. 6th Association test - GRI measures and Profitability

The sixth association test is between and **GRI MEASURES** and **PROFITABILIYTY INDEX.**

The Pearson's correlation coefficients was computed to assess the relationship between the profitability of listed New Zealand organisations and GRI measures. These are shown in Table 15. The results illustrated that almost none of the four profitability measures was significantly correlated with the GRI measures ($\rho > 0.05$). Again, to alleviate any concerns over the non-normality of the dependent variable measures, Spearman's rank correlations were also reported. Again, the results closely resembled what the researcher initially found in Pearson's correlations, indicating that the profitability of very largest listed New Zealand organisations appears to be unrelated to the non-financial information they disclose.

Table 15: Pearson's correlation coefficients for GRI and Profitability measures

		Return on Assets (using EBIT) 2016	Average Return on Assets (using EBIT) 2012-2016	Return on Equity (using EBIT) 2016	Average Return on Equity (using EBIT) 2012-2016
Total GRI %	Pearson Correlation	-0.151	-0.097	-0.075	-0.079
	Sig. (2-tailed)	0.307	0.513	0.613	0.592
	Spearman Correlation	-0.186	-0.158	-0.216	-0.143
Total Hard %	Pearson Correlation	-0.099	-0.049	-0.030	-0.044
	Sig. (2-tailed)	0.503	0.740	0.841	0.767
	Spearman Correlation	-0.119	-0.088	-0.142	-0.077
Total Soft %	Pearson Correlation	-0.283	-0.230	-0.205	-0.177
	Sig. (2-tailed)	0.051	0.116	0.163	0.230
	Spearman Correlation	-0.236	-0.218	-0.276	-0.206
Total Eco %	Pearson Correlation	-0.125	-.285*	-0.158	-.373**
	Sig. (2-tailed)	0.398	0.049	0.283	0.009
	Spearman Correlation	-0.139	-0.199	-0.174	-.306*
Total Eco Hard %	Pearson Correlation	0.032	-0.244	0.002	-.344*
	Sig. (2-tailed)	0.828	0.095	0.991	0.017
	Spearman Correlation	-0.041	-0.212	-0.022	-0.274
Total Eco Soft %	Pearson Correlation	-0.238	-0.173	-0.256	-0.196
	Sig. (2-tailed)	0.103	0.241	0.079	0.181
	Spearman Correlation	-0.181	-0.063	-0.266	-0.167
Total Env %	Pearson Correlation	-0.140	-0.049	-0.083	-0.027
	Sig. (2-tailed)	0.342	0.742	0.573	0.857
	Spearman Correlation	-0.163	-0.070	-0.142	-0.019
Total Env Hard %	Pearson Correlation	-0.119	-0.017	-0.061	0.007
	Sig. (2-tailed)	0.421	0.909	0.679	0.960
	Spearman Correlation	-0.155	-0.055	-0.137	-0.008
Total Env Soft %	Pearson Correlation	-0.193	-0.212	-0.171	-0.214
	Sig. (2-tailed)	0.188	0.148	0.246	0.143
	Spearman Correlation	-0.232	-.304*	-0.155	-0.220
Total Soc %	Pearson Correlation	-0.126	-0.058	-0.024	-0.020
	Sig. (2-tailed)	0.394	0.694	0.870	0.892
	Spearman Correlation	-0.222	-0.169	-0.273	-0.137
Total Soc Hard %	Pearson Correlation	-0.081	-0.014	0.004	-0.002
	Sig. (2-tailed)	0.582	0.926	0.981	0.990
	Spearman Correlation	-0.171	-0.103	-0.218	-0.076
Total Soc Soft %	Pearson Correlation	-0.194	-0.146	-0.083	-0.057
	Sig. (2-tailed)	0.187	0.322	0.576	0.700
	Spearman Correlation	-0.197	-0.195	-0.237	-0.159

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.4 Regression Analysis

4.4.1 1st Regression model - Hackston & Milne (1996)

To validate the association tests' results, the OLS multiple regression is used to examine multiple effects of the independent variables on the quality of the non-financial information disclosures of the NZX50.

Industry variation 1

Total GRI % = $a_1 + b_1 Nat \log of\ sales\ 2016 + b_1 Industry1 + b_1 Return\ on\ assets\ 2016$

The equation is a direct replication of that found in Hackston & Milne (1996), still the regression results shown in the table 16 do not entirely depict the same results as shown in their study. A minor adjustment with the study here is that the amount of non-financial information disclosures is measured in terms of total key performance indicators disclosed by each of the sampled organisation in two industry groups and, is expressed as % of the total GRI G4 index, whereas Hackston & Milne (1996) used the amount of social disclosure measured in actual pages to nearest one-hundredth of a page.

The regression model is calculated to predict Total GRI % based on size (Nat log of sales 2016), Industry (1) and profitability (return on assets 2016). As shown in Table 16, an insignificant regression equation was found (F(3,44) = 2.523, P < 0.07), with R^2 of 0.147. Statistically, this regression model appears to be a bad model and does not fit the New Zealand sample as the controlled variables, Industry 1 and Return on Assets 2016, may not be able to accurately predict the Total GRI % or reporting extensiveness disclosed by each of the sampled organisations since it only explains 8.86% of the variation (Adjusted R-squared = 0.0886). Nevertheless, the regression model indicates firm size, as measured by Nat Log of Sales 2016, is still a significant variable in explaining the amount of non-financial information disclosures.

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Table 16: Regression results - Nat log of sales 2016 + Industry variation 1 + Return on assets 2016

	B	SE B	Beta	t	Sig t
Nat Log of Sales 2016	2.03157	0.94679	0.30699	2.14575	0.03745
Industry (1)	1.91543	2.33618	0.12126	0.81990	0.41669
Return on Assets (using EBIT) 2016	-0.17387	0.14801	-0.17001	-1.17467	0.24644
Constant	-31.20197	19.29522	0.00000	-1.61708	0.11301

Regression measures		ANovA	DF	Sum of Squares		Mean squares	
Multiple R=	0.38300	Regression	3		347.16243		115.72081
R Square =	0.14679	Residual	44		2017.87000		45.86068
Adjusted R =	0.08862			F=	2365.03243	F=	0.0700
Standard error =	0.06772						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile, n = 48. Industry 1 is partitioned into high-profile (35 cases) and low-profile (13 cases)

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In a similar manner, an insignificant regression equation was found (F (3, 44) = 2.265, P < 0.094) after an adjustment to the industry variation had been made (e.g., industry variation 2) (See Appendix 7.2.1), with R^2 of 0.134. Statistically, this regression model also appears to be a bad model and does not fit the New Zealand sample because the controlled variables, Industry 2 and Return on Assets 2016, may not be able to accurately predict the Total GRI % or reporting extensiveness disclosed by each of the sampled organisations as it only explains 7.47% of the variation (Adjusted R-squared = 0.0747). Overall, the reporting extensiveness or the quality of sustainability reporting among the NZX50 was driven primarily by firm size, rather than industry and profitability.

Because mixed relationships were found between firm size and industry variations from the previous regression analysis and association tests, further investigations into the size-industry-disclosure relationship are essential. Given the objective of this study is to examine the quality of non-financial information disclosed by the NZX50, the list of GRI measures were narrowly focused on hard data, such as Total GRI%, Total Hard %, Total Eco Hard %, Total Env Hard % and Total Soc Hard %. To examine these relationships in detail, the same correlation matrix used in the study by Hackston & Milne (1996) was applied, where the Pearson's correlation was computed to assess the relationship between the GRI measures and industry, on the separate sub-samples rather than the entire sample.

Industry variation 1

Table 17: Pearson's correlation coefficients for size and GRI measure variables by industry group - Industry variation 1

		High-profile industry organisations (n = 35)					Low-profile industry organisations (n = 13)				
		Total GRI %	Total Hard %	Total Eco Hard %	Total Env Hard %	Total Soc Hard %	Total GRI %	Total Hard %	Total Eco Hard %	Total Env Hard %	Total Soc Hard %
Nat Log of Sales 2016	Pearson Correlation	0.383*	0.380*	0.029	0.433**	0.296	0.002	0.032	-0.075	0.162	-0.116
	Sig. (2-tailed)	0.023	0.024	0.867	0.009	0.084	0.996	0.917	0.806	0.597	0.706
	Spearman Correlation	0.394*	0.340*	0	0	0.377*	-0.033	0.142	-0.057	0.178	0.04
Nat Log of Market Capitalisation 2016	Pearson Correlation	0.419*	0.420*	0.082	0.536**	0.257	0.269	0.232	0.2	0.092	0.338
	Sig. (2-tailed)	0.012	0.012	0.64	0.001	0.135	0.374	0.446	0.513	0.765	0.259
	Spearman Correlation	0.496**	0.470**	0	0.609**	0.411*	0.426	0.358	0.114	0.134	0.379
Nat Log of Total Assets 2016	Pearson Correlation	0.435**	0.416*	0.091	0.494**	0.288	0.251	0.214	0.452	0.004	0.36
	Sig. (2-tailed)	0.009	0.013	0.602	0.003	0.093	0.408	0.482	0.121	0.991	0.227
	Spearman Correlation	0.545**	0.515**	0	0.581**	0.499**	0.343	0.313	0.456	0.151	0.379

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Based on the correlation results show in Table 17, the results pointed out that being a larger organisation (in terms of sales, market capitalisation and assets) is quite advantageous, and is likely to indicate a larger amount of hard key performance indicator disclosures, if the organisations operated in a high-profile industry. Whereas, for a low-profile industry, relative size is not a good proxy of non-financial information disclosure amount. Once again, after the industry variation had been adjusted, the results remained unchanged (See Appendix 7.2.2).

Following Hackston & Milne (1996), several runs of the 1st regression models were carried out using the different profitability measures (average return on assets 2012-2016, return on equity 2016, and average return on equity 2012-2016) and size measures (Nat log of market capitalisation 2016 and Nat log of total assets 2016). The regressions indicated that none of the four profitability measures and industry measures even approach significance, however the model marginally improved when it substituted Nat log of sales 2016 with Nat log of market capitalisation 2016. To save space, the full results are not reported here.

Overall, the results were moderately consistent with the study of Hackston & Milne (1996), demonstrating that being a larger organisation (in terms of sales, market capitalisation and assets) is likely to result in a larger percentage of GRI G4 non-financial disclosures, regardless of whether the organisation operates in a high-profile industry or not. While, for a low-profile industry, relative size is not really a good proxy for measuring the amount of non-financial information disclosures. The logical explanations are rested upon two premises. First, the low-profile industry organisations do not experience greater public pressures for compliance than other high-profile industry organisations (Higgins et al., 2015; Higgins et al., 2018). Second, the low profile-industry organisations may not have robust sustainability management systems in place to keep track of such information and therefore, they have limited influence on the extensiveness of non-financial disclosures (Stubbs et al., 2013).

4.4.2 2nd Regression model - Overseas listings

In addition to investigating the possible relationship of size and industry with disclosure amount, this study also examined the possible relationship of overseas (multiple) stock exchange listings on disclosure amount. This is an attempt to gain an insight into understanding of whether the New Zealand listed organisations who are listing on overseas stock exchanges are disclosing more GRI G4 non-financial information than only New Zealand listed organisations.

As shown in Table 18, the sampled organisations were partitioned into three distinct groups, namely: overseas listing, overseas listing 1 and overseas listing 2. First, overseas listing is for those New Zealand listed organisations with dual listings on North America (USA and Canada) stock exchanges. Second, overseas listing 1 is for those New Zealand organisations with dual listing on North America and Europe stock exchanges. Finally, overseas listing 2 is for those

New Zealand listed organisations with multiple listing on North America, Europe and Australia stock exchanges. Thus, overseas stock exchange listing was introduced as a dummy variable that takes the binary value of (1) and (0) in the "size-industry-GRI measures" regression previously presented.

Table 18: Overseas stock exchange listings

		Overseas Listing	Overseas Listing 1	Overseas Listing 2
	New Zealand, Australia, Europe and North America			
2	AUCKLAND INTERNATIONAL AIRPORT LIMITED	1	1	1
3	MERIDIAN ENERGY LIMITED	1	1	1
4	SPARK NEW ZEALAND LIMITED	1	1	1
6	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED	1	1	1
14	AIR NEW ZEALAND LIMITED	1	1	1
30	SKY NETWORK TELEVISION LIMITED	1	1	1
34	THE A2 MILK COMPANY LIMITED	1	1	1
	New Zealand, Europe and North America			
16	KIWI PROPERTY GROUP LIMITED	1	1	1
18	NEW ZEALAND REFINING CO LIMITED	1	1	1
22	RESTAURANT BRANDS NEW ZEALAND LIMITED	1	1	1
48	RUBICON LIMITED	1	1	1
	New Zealand, Australia and Europe			
5	FLETCHER BUILDING LIMITED	0	1	1
7	MERCURY NZ LIMITED	0	1	1
8	CONTACT ENERGY LIMITED	0	1	1
10	SKY CITY ENTERTAINMENT GROUP LIMITED	0	1	1
11	Z ENERGY LIMITED	0	1	1
15	GENESIS ENERGY LIMITED	0	1	1
24	TEGEL GROUP HOLDINGS LIMITED	0	1	1
31	INFRATIL LIMITED	0	1	1
32	TRADE ME GROUP LIMITED	0	1	1
33	CHORUS LIMITED	0	1	1
39	CBL CORPORATION LIMITED	0	1	1
46	TOWER LIMITED	0	1	1
	New Zealand and Europe			
9	VECTOR LIMITED	0	1	1
12	PORT OF TAURANGA LIMITED	0	1	1
13	TRUSTPOWER LIMITED	0	1	1
17	MAINFREIGHT LIMITED	0	1	1
19	THE WAREHOUSE GROUP LIMITED	0	1	1
21	SCALES CORPORATION LIMITED	0	1	1
28	RYMAN HEALTHCARE LIMITED	0	1	1
35	FREIGHTWAYS LIMITED	0	1	1
36	BRISCOE GROUP LIMITED	0	1	1
40	COMVITA LIMITED	0	1	1
42	PGG WRIGHTSON LIMITED	0	1	1
43	TOURISM HOLDINGS LIMITED	0	1	1
45	STEEL & TUBE HOLDINGS LIMITED	0	1	1
47	HALLENSTEIN GLASSON HOLDINGS LIMITED	0	1	1
	New Zealand and Australia			
23	KATHMANDU HOLDINGS LIMITED	0	0	1
27	NZME LIMITED	0	0	1
29	EBOS GROUP LIMITED	0	0	1
38	SYNLAIT MILK LIMITED	0	0	1
	New Zealand only			
1	FONTERRA CO-OPERATIVE GROUP LIMITED	0	0	0
20	SANFORD LIMITED	0	0	0
25	T&G GLOBAL LIMITED	0	0	0
26	OPUS INTERNATIONAL CONSULTANTS LIMITED	0	0	0
37	DELEGAT GROUP LIMITED	0	0	0
41	GREEN CROSS HEALTH LIMITED	0	0	0
44	COLONIAL MOTOR COMPANY LIMITED	0	0	0

Industry variation 1

Table 19: Regression results - Nat log of sales 2016 + Industry variation 1 + Overseas listing

Overseas listing	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.14705	0.95306	0.32444	2.25279	0.02931
Industry (1)	0.86108	2.33110	0.05451	0.36939	0.71361
Overseas listing	1.47913	2.41153	0.08857	0.61336	0.54280
(Constant)	-34.77482	19.31035	0.00000	-1.80084	0.07858

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.35700	Regression	3		301.52463		100.50821
R Square =	0.12749	Residual	44		2063.50781		46.89790
Adjusted R =	0.06800			F=	2365.03243	F=	0.1080
Standard error =	0.06848						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing = overseas listing classification - dummy variable with 1 = US or Canadian listings, 0 = others; n = 48

Table 20: Regression results - Nat log of sales 2016 + Industry variation 1 + Overseas listing 1

Overseas listing 1	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.03138	0.94718	0.30696	2.14465	0.03754
Industry (1)	0.93304	2.25952	0.05907	0.41294	0.68166
Overseas listing 1	2.73566	2.35283	0.16380	1.16271	0.25121
(Constant)	-34.22320	19.09766	0.00000	-1.79201	0.08001

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.38200	Regression	3		345.91853		115.30618
R Square =	0.14626	Residual	44		2019.11391		45.88895
Adjusted R =	0.08805			F=	2365.03243	F=	0.0710
Standard error =	0.06774						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing 1 = overseas listing classification - dummy variable with 1 = US, Canada or Europe listings, 0 = others; n = 48

Table 21: Regression results - Nat log of sales 2016 + Industry variation 1 + Overseas listing 2

Overseas listing 2	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.19297	0.94471	0.33138	2.32131	0.02496
Industry (1)	0.77828	2.27915	0.04927	0.34148	0.73437
Overseas listing 2	3.16527	2.80673	0.15915	1.12774	0.26554
(Constant)	-38.02168	19.36707	0.00000	-1.96321	0.05596

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.35300	Regression	3		295.14191		98.38064
R Square =	0.12479	Residual	44		2069.89052		47.04297
Adjusted R =	0.06512			F=	2365.03243	F=	0.1150
Standard error =	0.06859						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing 2 = overseas listing classification - dummy variable with 1 = US, Canada, Europe or Australia listings, 0 = others; n = 48

From the regression results reported in Tables 19 - 21, the regression models were calculated to predict Total GRI % based on size (Nat log of sales 2016), Industry (1) and overseas listings (overseas listing, overseas listing 1, and overseas listing 2). Hackston & Milne (1996) found an overseas listing variable to be a significant factor in influencing the amount of non-financial disclosure because some dual-listed organisations were required by law and regulations, both legislation and the stock exchange, to report non-financial information. However, this study's replicated regression analysis of all three overseas listings rejected the aforementioned assertion, indicating that overseas listings are not directly associated with the amount of non-financial information disclosures made by New Zealand organisations. In comparison to the regression results reported in Table 16, the results suggest that firm size of the sampled organisations is the common variable in explaining the amount of non-financial information disclosure, regardless of whether an organisation is a single, dual, or multiple listing.

In order to avoid unreasonable statistical conclusions that size is the only significant variable, several runs of this model were carried out using the different size measures (Nat log of market capitalisation 2016 and Nat log of total assets 2016), profitability measures (average return on assets 2012-2016, return on equity 2016, and average return on equity 2012-2016) and GRI measures. Unsurprisingly, none of the measures even approach significance. However, the model marginally improved when substituted with Nat log of market capitalisation 2016, while other variables remained relatively insignificant (see Table 22). This shows the additional explanation gained from using the market capitalisation measure in place of the sales measure is quite marginal. Regardless it appears firm size is still a significant factor in influencing the percentage of GRI G4 non-financial disclosures.

Table 22: Regression results - Nat log of Market capitalisation 2016 + Industry variation 1 + Overseas listing

Overseas listing	B	SE B	Beta	t	Sig.
Nat Log of Market Capitalisation 2016	2.10935	0.77474	0.37546	2.72265	0.00925
Industry (1)	1.84698	2.22842	0.11693	0.82883	0.41167
Overseas listing	1.01111	2.36023	0.06054	0.42839	0.67045
(Constant)	-35.10708	16.12981	0.00000	-2.17653	0.03493

Regression measures		ANovA	DF		Sum of Squares		Mean Squares
Multiple R=	0.40900	Regression	3		395.35326		131.78442
R Square =	0.16717	Residual	44		1969.67917		44.76544
Adjusted R =	0.11038			F=	2365.03243	F=	0.0430
Standard error =	0.06691						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing = overseas listing classification - dummy variable with 1 = US or Canadian listings, 0 = others; n = 48

Similarly, the researcher expects there to be significant statistical outcomes to overseas listing variables, especially once the industry variation measure has been adjusted. The replicated regression results rejected all three of the overseas listing measures, and found size to be the only significant factor in influencing the percentage of GRI G4 non-financial disclosures made by New Zealand listed organisations. To save space, the full regression results for industry variation 2 can be viewed in detail in Appendix 7.3.

4.5 Summary and Conclusions

This chapter presented findings which addressed the first research question for the study: "*What is the current quantity and quality of non-financial disclosure among the largest 50 New Zealand listed organisations?"*. The quantitative findings suggest firm size as a significant factor in influencing the percentage of GRI G4 non-financial disclosures, or the quantity of sustainability reporting among New Zealand's listed organisations. More specifically, firm size is most influential among high-profile industry organisations, and less so among low-profile industry organisations. A result consistent with Hackston and Milne (1996). In addition, the study fails to capture and recognise the relationships of overseas (multiple) stock exchange listings and the amount of non-financial information disclosures, suggesting that New Zealand dual-listed organisations are not generally disclosing more non-financial information than the NZX-only listed organisations. As far as the quality of sustainability disclosure among the NZX50 is concerned, the quality of the reporting can be summarised as inadequate. By examining the most and least disclosed GRI items, it is clear that most organisations do well in areas that require basic quantitative and qualitative disclosures, and tend to do poorly in areas where more specific quantitative disclosures are required. Overall, in this study, firm size appears to be the only significant determinant in explaining report quality at the organisational level.

Chapter Five

Qualitative Results and Analysis

5.1 Overview

This chapter will provide a descriptive account from the listed organisations' perspectives of various implications regarding: the rationales behind *'for and against'* engagement in sustainability-related reporting practices among New Zealand's listed organisations; managerial perceptions and attitudes toward the revised NZX's recommendation for ESG reporting; and how the changes may impact their organisation's sustainability-related reporting practices in the short-, medium- and long-term. The richness of this data is not only from an in-depth quantitative content analysis or qualitative semi-structured interviews with corporate managers, but the researcher was also fortunate enough to hold an interview with the person who was directly involved in the design and implementation of the revised NZX Code. This opportunity has not only allowed this study to gain insights from the market regulator's perspective regarding the revised NZX Code, but this has further enhanced the comprehensiveness of this research data. Hence, the later part of this chapter will discuss what are some of the rationales behind the market regulator to revise the NZX Code, and the potential effectiveness of the code under the *'comply or explain'* regime.

5.2 Perspectives of listed organisations - Motivations for organisations to engage in sustainability reporting

In the following subsections, the key themes from the interviews are discussed and these include: culture that encourages sustainability reporting, sustainability reporting is a strategic tool, sustainability reporting assists an organisation's financial success, sustainability reporting is perceived as the right thing to do, and most importantly, sustainability is used to manage internal and external stakeholder pressure.

5.2.1. Organisational characteristics /structure encourage sustainability reporting

In the absence of mandatory sustainability reporting requirements, empirical evidence strongly suggests internal organisational characteristics play a crucial role in how sustainability reporting is viewed and understood at the organisational level (Stubbs et al., 2013; Adams, 2002). For sustainability reporting to take place at the organisational level, the chain of commands to execute the reporting must be made at the top of the organisation, such as within the office of the Chief Executive (CEO) or senior management. Frankental (2001) suggests an indicator of the real value of sustainability is dependent on the location of the sustainability function within the organisational structure. For this reason, it is important to take a step back, and make sense of where the function of sustainability sits within the organisational structure, because it "*needs a home*" (**T1**). Two reporting organisations pointed out:

> "*It sits within the office of the CEO. As a sustainable business, we would want to do sustainability reporting, decisions as to at what level we do it, what frameworks we follow and how aggressive we are in terms of the quality of that sustainability reporting, get made really at board level.*" (**E1**-1)

> "*it sits on executive level, but it is executed on a very decentralised level.*" (**S1**)

Frankental (2001) further notes that if the function of sustainability is located within external affairs, corporate affairs or community affairs, an organisation's sustainability function is seen as an adjunct of public relations (PR), "a function of an organisation's external relationships, a peripheral activity, not something that needs to be embedded across the organisation horizontally and vertically" (p.22). Arguably, the function of sustainability can be legitimately disguised as a form of PR, that can subconsciously alter the general public's perceptions and mislead consumers in regard to its environmental practices (Chen & Change, 2013). One reporting organisation pointed out:

"*it sits within…Corporate Affairs, but it's embedded in the business as well, so it's a quite complicated question to answer. So, sustainability team group social responsibility…sits within Corporate Affairs***.**" (**C1**-1)

The sustainability reporting literature suggests that the internal organisational structure affects the nature and the quality of sustainability reporting (Stubbs et al., 2013), and further suggests that management attitudes are equally vital in how sustainability reporting is carried out (Bebbington et al., 2009). One apparel organisation pointed out that a well-defined sustainability function within the organisational structure "*feeds into business development"* (**T1**), which subsequently allows the organisation to produce higher quality sustainability information that will comply and satisfy stakeholders' expectations of organisations. Along these lines, two reporting organisations agreed and believed the realisation and significance of CEO or senior management involvement in sustainability reporting are of utmost importance in driving the reporting at organisational level:

"*The only thing I would add would be that we had quite a forward-thinking CEO, and in a way the CEO and the board, at that time, determined that that was the right thing to do and I think, we are quite grateful for that"* (**E1**-2)

"*if you were to talk to our CFO, our Chief Financial Officer, you know, he gets all the sustainability...and so does my CEO [Chief Executive Officer], who I report to."* (**A1**)

Overall, as is evident, sustainability reporting can only have real significant value to an organisation when the reporting originates from strong sustainability leadership for being accountable for wider societal interests.

5.2.2. Sustainability reporting is perceived as a strategic tool

Academic scholars have illustrated that disclosure is indeed beneficial to organisations (Carroll & Einwiller, 2014; Dingwerth & Eichinger, 2010; DeTienne & Lewis 2005; Rechberg & Syed, 2013; Popa et al., 2009; Kolk & Pinkse, 2010). And, one way that organisations can become transparent is to undertake sustainability reporting (Buhr, 2010). As a result, the majority of the organisations appear to have incorporated the value of sustainability as part of the way they operate, and extended their culture norms to sustainability reporting (Stubb et al., 2013). Four reporting organisations justified their views as follows:

> *"I think our organisation's objectives and sustainability are pretty much the same thing"* (**E1**-1)

> *"…it's part of the values in the company*" (**E2**)

> *"…embedded in our culture, we have values as well, but more broadly things that probably relate mostly to the culture around customer expectations, key stakeholder expectations, and also expectations of our people, and that comes out in different ways through the non-financial reporting*" (**I1**)

> *"…they're everywhere…sustainability is a core part to it, so in terms of the day-to-day, it's really embedded into the business*" (**T1**)

On the other hand, several organisations acknowledge that being perceived as a sustainable organisation does have its perks. This permits organisations to distinguish themselves from the rest of their competitors. Given every interviewed organisation is well-established within their respective industry, the majority of the organisations seem to have recognised this value, and positioned themselves in a way that is deemed socially and environmentally responsible, via aligning the value of sustainability with the organisation's business strategy. Two reporting organisations further suggested that:

> *"…you know, [sustainability] is so much part of our strategy… it's part of everything we do"* (**C1**-1)

> *"our overall strategy is based around this Business Excellence Framework, which is really all founded on the belief that sustainability overlays everything that we do and we have to look at the business, so, if we're thinking about value creation, we have to think about it in a really holistic way. Value is not just about that bottom line dollar, it's also about all the non-financials."* (**A1**)

It is important to note that, nowadays, organisations are primarily driven by external market forces (Frankental, 2001) and, therefore, they are judged and criticised by markets in accordance to their financial performance (Galant & Cadez, 2017). Consequently, this pressurises organisations to come up with "new" and "active" business strategies that conform with different stakeholders' expectations (Arvidsson, 2010). And, one way to conform with the stakeholders' expectations is to narrate positive '*stories*' around the organisations to the general public, via sustainability reporting (Buhr, 2010). Three organisations justified this view as follows:

> "*the reason you report is to tell your story*" (**E2**)
>
> "*…[sustainability reporting] was more telling the complete story of what we're doing, really*" (**S1**)
>
> *"[sustainability reporting] was the right thing for New Zealand, but also that it resonated with customers and that it was a way for us to different in the marketplace and that, you know, it would be meaningful from a customer-facing point of view"* (**E1**-1)

By narrating positive stories about the organisation, sustainability reporting can be viewed and seen as a strategic tool that helps an organisation to get ahead of their competitors. In part disclosure is a powerful tool that affords an organisation the opportunity to signal its effort to demonstrate transparency (Dingwerth & Eichinger, 2010; Cho & Patten, 2008), whereby manipulating the general perceptions of their stakeholders (Chen, Cho, & Patten, 2014; Chen & Chang, 2013). One apparel organisation illustrated this example as follows:

> "*if you were to look at an insurance company or a bank or something, their priority might be their staff, they might produce a sustainability report because their staff to feel like 'hey, I'm working for an organisation who's actually doing something'*" (**T1**)

Overall, several reporting organisations may have viewed sustainability reporting as part of the way they do business, and therefore it is part of their culture. For some of these organisations, a different logic prevails. Those that view sustainability reporting as 'part of their culture' tend to pursue sustainability reporting as strategic motives (Higgins et al., 2015), rather than accountability. This provides evidence that without a quantifiable level of public and stakeholder pressure and interest, it is naïve to assume certain organisations will take steps towards more "comprehensive and demanding forms of documenting the social impacts of its activities" (Dierkes & Antal, 1986, p. 112).

5.2.3. Sustainability reporting is the right thing to do, and contributes to an organisation's financial success

While the majority of the organisations acknowledge that sustainability reporting is a vital asset for their organisation, and potentially for their organisation's future financial success, for some, sustainability reporting is 'the right thing to do'. Four reporting organisations expressed their views as follows:

> "*we felt that it was the right thing to do… there are sort of broader levers that determine the financial, ups and downs, and that you want to be transparent"* (**E1**-1)

> "*we've got a very strong values-based culture in regard to doing the right thing*" (**S1**)

> "*we have the responsibility not just for [international investors], but for those other groups of people, customers and employees, you know, to make sure that we are doing the right thing and making this information available*" (**I1**)

> "*the reason for actually participating in it, is actually to give transparency on how we're thinking for the long term as an organisation, and how we're going to demonstrate that we're delivering not just on an economic basis, but also on a social and environmental basis*" (**C1**-2)

Not only do the majority of the organisations agree that sustainability reporting is 'the right thing to do', but such an investment also allows them to formulate the organisation's business strategy that creates a long-term relationship with their stakeholders and preserves their "*license to operate*" (**S1**).One respondent further justified this view as follows:

> "*You know, if you've got a pissed off community versus a community that really gets what you are doing and supports you...what's going to cost the business more money to deal with?"* (**A1**)

Articulating this with a sustainability values-based strategy, as mentioned, organisations are primarily driven by external market forces (Frankental, 2001) and, therefore, they are judged and criticised by markets in accordance to their financial performance (Galant & Cadez, 2017). To understand how and to what extent are financial objectives associated with an organisation's decision to engage in sustainability reporting. Every interviewed organisation was asked to justify their views on whether their organisation pursues sustainability reporting because of the following financial objectives - such as, profit maximisation, cost leadership, market leadership and share price maximisation - and a fair amount of organisations do generally accept the fact that these objectives come into play and get taken into account in their organisation's decision-making process. Three reporting organisations went on to say, for example, that:

> "*we probably don't put it out as bluntly as that*" (**E2**)

> *"I mean, a business at the end of the day has to be a financially sustainable business, you know, that's a kind of a no brainer, and yes, having being a listed business… profit maximisation is huge"* (**T1**)

> "*Absolutely… I guess from our perspective we do have a focus on delivering returns to our shareholders, and it is a long term goal and game, and so elements of that, yes, obviously, market share, stability, or growing in the required areas in order to continue to achieve that…, because it's a very competitive environment… we ultimately are responsible to deliver to our investors, and so we absolutely need to make sure that we are growing in the areas that we need to grow in, whether that be market share, things like that, but also keeping costs absolutely under control in order to do that."* (**I1**)

From the above responses, several reporting organisations view sustainability reporting as part of the way they do business, and therefore it is part of their culture. For some of these organisations, a different logic prevails. Those that view sustainability reporting as 'part of their culture' tend to pursue sustainability reporting as strategic motives (Barnett & Salomon, 2006). In part some stakeholders are led to believe that non-financial information is a better predictor of an organisation's future financial success. This originates from a belief that an organisation with strong internal corporate sustainability strategies allow the organisation to have a clearer sense of its long-term performance and, therefore, risk management (Stephenson, 2009). One respondent from an energy organisation elaborated on this view as follows:

> "*the guy [Larry Fink - Chairman and CEO of BlackRock] from BlackRock last year sent a letter to all of the companies… that they invest in and said…we want to see you reporting ESG stuff because we think that's a better prediction of how you perform than your financial statements. Financial statements give us a very good picture of what your finances were at the end of the year, and they tell us what you did last year, but they don't tell us how you're going to, how well you are going to do into the future, and we think that your ESG, so environmental, social, governance, is a much better predictor of the future than your financial statements, so your financial statements aren't, aren't an indicator at all*" (**E2**)

Another respondent from the telecommunication organisation further pointed out that "*organisations that have a strategy in this area and make effort in this area from a non-financial perspective perform better"* (**I1**). This is because sometimes the "*value goes much wider than financial success*" (**A1**), and "*the financial results are dependent on more things than just money"* (**E1**-1). Two reporting organisations further justified these views as follows:

> *"it's kind of a longer kind of pay back loop, whereas if you do that, you give off a reputation of being an authentic, and caring, and sensible, organisation that's in it for the long haul and that you're a safe investment*" (**E1**-1)

> "*Our CFO would say… it's hundreds of millions of dollars that's it's benefited in terms of our bottom line, in terms of this whole sustainability journey, so he would see it as being absolutely fundamental to our business success*" (**A1**)

One respondent from the apparel organisation went on to say:

> "*we don't have many issues, or any issues, talking to shareholders about the work we're doing in [sustainability reporting]. They see it as risk mitigation, they see it as brand awareness, they see it as raising awareness amongst our customer base, which in turn is a very strong case for feeding back into that sort of financial sustainability* " (**T1**)

Overall, the sustainability reporting literature has shown that, without a quantifiable level of public and stakeholder pressure and interest, it is naïve to assume certain organisations will take reasonable steps toward more "comprehensive and demanding forms of documenting the social impacts of its activities" (Dierkes & Antal, 1986, p. 112). As a matter of fact, organisations that are operated in a high-environmental impact industry have greater incentives to disguise sustainability disclosure as a strategic tool (Cho & Patten, 2008), which they arguably use to manage their non-financial stakeholder pressure, and which serves instrumentally for an organisation's financial success, or legitimacy for another word (Barnett & Salomon, 2006; Higgins et al., 2015).

5.2.4. Sustainability reporting helps to manage external and internal stakeholder pressures

It appears that compliance with the norms of certain stakeholders allow organisations to receive continuous support. And, one way that organisations can engage with their stakeholders is to undertake sustainability reporting (Buhr, 2010). It seems that the majority of the organisations are aware that being a good corporate citizen is the key driver that preserves their 'license to operate', manage their stakeholder pressure, and appears to be socially and environmentally responsible in the society in which they operate. Three organisations justified their views as follows:

> "*Communities and partnerships are also really important…if we don't operate responsibly, we won't secure the resource consents to operate those aquaculture farms. It is important to be in a really good position with the communities in which we operate, noting they can make submissions and, oppose, and complain, so we need to maintain a positive relationship, tread lightly and give back to the communities in which we operate… so you can't not be a good corporate citizen, to operate.*" (**A1**)

> "*To be able to survive as a tourism company, you need to include the whole system that surrounds you, and that's, it makes complete sense, you know, long term you have to think about it and that's why, I mean, yeah, we wouldn't be a company without looking at the whole picture*" (**S1**)

> "*…we're kind of in this really interesting melting pot where we have an interest in the outdoors, plus we have a lot of customers interested in this kind of stuff [sustainability issues]... because we're sort of in the outdoors sector, but also the apparels sector too. And the apparels sector gets hammered with questions on ethics."* (**T1**)

Yet it also seems that Milton Freidman's view is still relevant (Friedman, 2009). In this viewpoint, the pressure for organisations to engage in sustainability reporting predominately comes from the organisation's financial stakeholders, and any parties with financial interests (de Villiers & Van Staden, 2012) - such as investors (this word gets mentioned a lot within the interview transcripts), international investors, global investments firms, New Zealand superannuation and governance groups. One reporting telecommunication organisation accepted that one of their motivations to engage in sustainability reporting came from "*global organisations that were tracking ESG or measuring us*" (**I1**), and further commented that:

> "*I think the other thing is that organisations at the top end, or organisations that do have dedicated, particularly investor relations people, that are talking to investors…it's no secret that investors have been leading the charge of large companies…and they are very focused on this ESG space, and so, the organisations that are aware of that have got that investor pressure to provide this information*" (**I1**)

Out of these views, the sustainability reporting literature has shown that reputation is perceived to be one of the most valuable intangible assets that an organisation must protect, as it provides the organisations with a competitive advantage (Roberts & Dowling, 2002; Schwaiger, 2004; Toms, 2002). Fombrun (1996, p. 57) defines reputation as an intangible asset that "produce tangible benefits: premium prices for products, lower costs for capital and labour, improved loyalty from employees, greater latitude in decision making, and a cushion of goodwill when crises hit". Rather than focusing narrowly on the underlying economic benefits, an organisation's reputation has become of utmost importance in which employees can distinguish "the difference between intentions without action and long term social responsibility" (Becker, 2011, p. 22). Becker (2011) further suggests an organisation's financial success is not only determined by managing their external stakeholder's pressures, but also by managing its internal stakeholders (such as, employees). And, the majority of the organisations have largely acknowledged that being perceived as a sustainable organisation allows their organisation to capitalise this benefit, via attracting and retaining the right kind of employees (Barnett & Salomon, 2006). Three reporting organisations justified their views as follows:

> "*…one of the things that comes up from HR is how much 'a hundred percent renewable' gets mentioned by people joining as one of the reasons why they join the company, and I certainly have noticed that from leaving and coming back in, seeing all those different workplace cultures that I got to see as a consultant, how passionately held our environmental values are, along with a general culture of…, being good people and, you know, just generally being right sorts and doing the right thing, and getting along well, and, you know, that kind of good, kiwi mate-ship*" (**E1**-1)

> "*people come and work [for us] because we have this strong commitment to the environment, strong commitment to communities, strong commitment to diversity and inclusion, and strong commitment to health and safety, and people, that's part of the culture, it's really embedded, and that's why people chose to work here. We have a good reputation for that stuff, and that's why people chose to work here*" (**E2**)

> "*…value goes much wider than the financials, but having said that, a lot of that other value feeds into the financial success, so in the end it all contributes to that financial success, because like I said to you, if you get somebody working and they're not productive, and they do a terrible job and that, you know, that has an impact on your bottom line, you know, if*

you've got a bunch of not very productive people versus a bunch of really engaged people who are really innovative and looking for the next opportunity, who's going to do better for you, financially?" (**A1**)

This reckoning seems more apparent for organisations who operated in a high-environmental impact industry, as sustainability reporting is seen as a strategic tool that shapes the general perceptions of their stakeholders, and consequently, allows the organisation to subconsciously alter their employees' perceptions about their organisation. One respondent from the energy organisation suggested as follows:

"*the reason you report is to tell your story, and why do you tell your story...you want your staff to believe in the company, because if they believe in the company, they work harder, they perform better*" (**E2**)

While this provides evidence that sustainability reporting is not only important for organisations, but such reporting allows the organisations to work towards satisfying their stakeholders' expectations, both internally and externally. Thus, this enables organisations to create a long-term relationship with their stakeholders, which is an essential element for the organisation's long-term success (Barnett & Salomon, 2006).

5.3 Perspectives of listed organisations - Motivations for organisations to not engage in sustainability reporting

The Venn diagram (Appendix 2.1) illustrates the uptake of sustainability reporting by organisations on the NZX is sluggish, where approximately 71% of the New Zealand's listed organisation do not actively engage in the reporting. To understand what might have motivated organisations to not undertake sustainability reporting, the interview questions were structured in ways that allowed this study to understand the research participants' perspectives on the current uptake of sustainability reporting, and what might have motivated non-reporting organisations. The researcher acknowledges that these themes are derived from the limited sample of interview data, especially the perspectives of non-reporting organisations on what motivated them to not undertake sustainability reporting and additional, different, themes may well emerge from interviews with a larger sample. In the following subsections, the key themes from the interviews are discussed and these include: the lack of general understanding regarding the value of sustainability reporting, the lack of resources to implement sustainability reporting, the lack of regulatory interventions to influence sustainability reporting, and the lack of demand for sustainability reporting.

5.3.1. The lack of general understanding regarding the value of sustainability reporting

A participant from a non-reporting organisation acknowledges sustainability reporting is indeed beneficial to their organisation, but this organisation is not interested in positioning their organisation in this way (Stubbs et al., 2013). In line with this statement, this is because "[their] *vision and strategy is not around being green. Or it's something [they] think about and focus on*" (**I2**). This stems from a belief that the sustainability reporting sometimes does not offer much value to their shareholders, and the benefits associated with this type of reporting do not outweigh the costs from that "*extra reporting*" (**I2**). To illustrate, he went on to say:

> *"for us in assessing what value, what additional value would our shareholders, or other stakeholders, get from the extra reporting that we could do, we've formed a view that the benefit doesn't outweigh the cost*" (**I2**)

Simply, without demonstrating quantified benefits received from that "*extra reporting*" (**I2**), it is naïve to assume many of these non-reporting organisations will meaningfully undertake sustainability reporting. One participant from the apparel organisation raised a similar point:

> *"what's off-putting, is the fact that people don't really know how to do it and they just see it as an expense, as a cost, as a time thing and they don't want to, you know, inundate the business with more work and things*." (**T1**).

It is clear that a lack of clarity around the value of sustainability reporting can have a detrimental impact on its overall uptake. In part this is simply because managers may not consider that sustainability reporting is essential for achieving the business outcomes being pursued. Hence, if there is a lack of clarity around the value of sustainability reporting at the organisational level, the importance of sustainability reporting is likely to sit relatively low within the organisation's priority. Three reporting organisations expressed their views as follows:

> "*If you don't have that moment of realisation that that's the value you can get from it, it won't happen without compliance*" (**E1**-1)

> "*In many respects, sustainability under the previous National government was not well understood and not really considered part of the value proposition*" (**A1**)

> "*I think it was maybe seen as another huge task… there's maybe a smaller company, and they're thinking like we've got five strategies to get done this year, one is expanding the business, and the other one is to cut staff cost, or employ people in these roles which we always wanted. The sustainability function on that list of priorities, will sit relatively low, so as businesses focus on these top four or five, these five priorities, they're going to be really focused on completing one, two, three, maybe four, but that function, they don't see it as big as a risk to the business as the other ones*" (**T1**)

One respondent from an apparel organisation went on to say:

> "*I think that people may or may not have realised the importance and the potential for having it… I think like people probably haven't quite realised what it can do, and maybe we're still a little bit old school*" (**T1**)

Overall, the value of sustainability reporting can be characterised on how the value of the reporting is perceived and understood by an organisation. Without a clear understanding towards the value of sustainability reporting, it is less likely that organisations, particularly non-reporting organisations, will undertake the reporting

5.3.2. The lack of resources to implement sustainability reporting

The interviewees generally acknowledge that sustainability reporting could provide a competitive advantage to their organisation, however the non-reporting organisation is not interested in positioning their organisation this way (Stubbs et al., 2013). This is because sometimes the value achieved from sustainability reporting do not provide much tangible benefits, and generally do not outweigh the costs of undertaking it. One participant from energy organisation justified this view as follows:

> "*most of these companies would have been doing something way better bang for buck by doing it in a marketing promotion that hits ten thousand people, than in an annual report that might get read by a thousand.*" (**E1**-2)

Despite classifying the non-reporting organisation as ‘a non-reporter’, it is clear that this organisation has somewhat engaged in some types of communication platforms with their stakeholders in regard to sustainability issues. Although the coverage of sustainability issues is quite limited and not as extensive as disclosed by the reporting organisations, and it only covers the issues that they perceive to be key risks to their organisation. The non-reporting organisation respondent pointed out they only report on sustainability issues that they perceive to be absolute key risks to their organisation and, ultimately, what is significant and important to their stakeholders:

> “*we try and identify what’s important to our investors and stakeholders in this space and report on that and from our perspectives*” (**I2**).

Further, one participant from the energy organisation exerted her experience as a consultant as follows:

> “*For a lot of these [non-reporting] organisations, they have a peoples strategy, they take health and safety seriously, they probably do some community sponsorships, they probably do a tree planting, they’re probably looking at energy efficiency…For a lot of organisations, a sustainability report is a compliance exercise and a grudge kind of investment of time and effort to meet the FMA rules and listing rules and the requirement to be audited, to like just get it done, get it out the door, I don’t want to talk about it anymore as someone who used to sell reporting services, it’s like pushing shit uphill with a lot of companies*” (**E1**-1)

In line with earlier discussions, one of the most recurring theme has to do with the compliance costs associated with sustainability reporting. While the majority of the interviewed organisations believe that ‘a lack of general understanding’ around the value of sustainability reporting has further contributed to the lack of uptake of reporting practices in New Zealand. In a similar vein, the majority of the organisations agree with the non-reporter’s perspective on ‘*limited resources*’, such as firm size, as a potential determinant for why non-reporting organisations forgo sustainability reporting. This aligns with the quantitative findings, where the researcher argues that the amount of the non-financial disclosures among the NZX50 is primarily driven by firm size. Several reporting organisations went on to say, for example, that:

"it might be cost for some entities" (**C1**-1)

"*the who do what we would consider good ESG reporting, and certainly since the NZX brought in their requirement, are ones who have discretionary income to essentially to fire off into a world of sustainability*" (**E1**-2)

"*you'll probably find that some of the organisations probably, like I said, as you start to work your way down the [NZX50], aren't producing as much of this information, maybe not because they don't want to, but the resources… there is quite a big difference in size and resource of the organisation from a sustainability or ESG perspective for the top ten and the bottom end of the fifty*" (**I1**)

Out of these views, a participant from the non-reporting organisation had a different view in mind, and believed that, without demonstrating a tangible value around the sustainability reporting, it is naïve to assume many of non-reporting organisations will meaningfully undertake the reporting (Stubb et al., 2013):

"*if someone turned up tomorrow and said 'if you report fully against GRI, then these are the tangible differences, your share price will increase by x.' If you can demonstrate hard evidence that it does actually make a difference, but otherwise I think it's about issuers identifying what's relevant and important in their own businesses… what's important for their investors and their stakeholders and focusing on that*" (**I2**)

Overall, this provides evidence for the cost-benefit proposition of resources to undertake sustainability reporting, and the motivation for why non-reporting organisations forgo sustainability reporting. The lack of uptake of sustainability reporting in New Zealand can be largely branded by "a traditional view of business and society that privileges shareholder interests" (Stubbs et al., 2013, p. 462), or by how the value of the reporting is being perceived by the organisations (Higgins et al., 2018), and therefore, the importance of sustainability reporting in achieving the business outcome being pursued (Stubbs et al., 2013).

5.3.3. The lack of regulatory interventions to influence sustainability reporting

The majority of the interviewed organisations share a similar view that the 'lack of regulation' in New Zealand is the key reason why New Zealand's listed organisations fall behind with the rest of the world regarding sustainability reporting. Three reporting organisations expressed their concerns as follows:

> "*the jurisdictions where sustainability reporting is more prevalent, are those where there are compulsory requirements to do sustainability reporting*" (**E1**-1)

> "*I think that one of the main things is around lack of regulatory impetus"* (**A1**)

> *"I actually think the fact that there was no requirement under the NZX listing rules to do any of that reporting has meant New Zealand is lagging"* (**E2**)

Two reporting organisations also believe that the 'lack of regulation' is one half of the formula, while the other half is rested upon the destination of its primary economic activity, non-stakeholder pressures and interests, and their brand strategy. By engaging in sustainability reporting, it allows organisations to demonstrate their transparency of operation(s), removing information asymmetry between international non-financial stakeholders and organisations, and complying with stakeholders' expectations, through non-financial disclosures in order to maintain an organisation's reputation and, ultimately, enabling business survival.

> "*those that have a more international presence have done more in that space, and those that have it tied into their brand*" (**A1**)

> "*it's probably going to be a combination of where they're selling the product to, and the interest from their stakeholders*" (**C1**-2)

The regressions, however, suggests otherwise, it indicates that there is no relationship between the level of non-financial disclosures and overseas listing variables (see Table 19-21), highlighting that firm size of the sampled organisations is the only variable in explaining the amount of non-financial information disclosures. It also appears that large organisations that do operate internationally are more likely to engage in sustainability reporting as part of an organisation's defensive strategy to depressurise their non-financial stakeholder pressure, and retain its 'license to operate'. Overall, this view highlights the understanding that a regulation intervention towards sustainability reporting would likely enhance the uptake of reporting and, consequently, help organisations become more accountable for their actions.

5.3.4. The lack of demand for sustainability reporting

As previously mentioned, the majority of the organisations are aware that there has been a '*demand', a 'shift' and a 'trend'* towards sustainability information by end-users. Consequently, emerging organisations are now working tirelessly toward satisfying their stakeholders' expectations by demonstrating its accountability, via incorporating the value of sustainability as part of the way they do business. In spite of this, the 'lack of demand' for sustainability reporting is found to be a potential determinant for why some organisations have selected to not undertake sustainability reporting. Two reporting organisations justified their views as follows:

> "*I think everybody was just like 'meh, we'll do it when we do it, when we need to, but for now we'll just leave it*" (**S1**)

> "*you know, the organisations that are aware of that have got that investor pressure to provide this information, whereas some of the smaller companies may not sort of be under that same pressure, even though they're listed, again, they just might not have that same pressure*" (**I1**)

It appears that the lack in general awareness around the value of sustainability reporting has also further imputed to the lack of demand in this area of reporting. More specifically, one respondent from the energy organisation believes that New Zealand investors' narrow mind-sets toward short-term financial gains are the reason why there has been further delays in the demand for sustainability reporting:

> "*the New Zealand investors are, this is a personal opinion, still very narrow-mindedly focused on short term financial gain, and so that's what companies have been reporting, because that's what they're interested in*" (**E2**)

She went on to say:

> "*with the NZX code…hopefully soon investors in the New Zealand market will wake up to what … a lot of the other investors around the rest of the world know is that actually sustainability factors are a better prediction of future success than financial statements*." (**E2**)

Overall, the lack of demand for sustainability reporting in New Zealand is two-fold. First, without a clear understanding towards the value of sustainability, it is less likely the reporting will happen at the organisational level. Second, investor's narrow mindsets toward short-term financial gains are the reason why there has been further delays in the demand for sustainability reporting. This means, without changing investors' narrow mindsets toward sustainability reporting, it is less likely that organisations will undertake the reporting.

5.4 Perspectives of listed organisations - The recommendation 4.3 of ESG reporting

The NZX acknowledges there has been a call for more detailed non-financial disclosure among New Zealand's listed organisations from different stakeholders. To address this concern, the recommendation for ESG reporting has been considered as part of a revision to the NZX Code. This is to ensure that New Zealand's listed organisations become accountable for "the broad stakeholder views in New Zealand's capital markets" (NZX, 2017c, p. 1). Given the scope of this revision, valuable insights and understanding can be gained by examining managerial perceptions and attitudes of the 'reporting' and 'non-reporting' organisations toward the revised NZX Code.

5.4.1. The view from listed organisations - Opinions on the Recommendation of ESG reporting

The majority of the organisations generally agree with the NZX's recommendation for ESG reporting, including the participant from the non-reporting organisation. They generally acknowledge that the NZX's recommendation will help to align the code with current international best practice, and keep listed organisations accountable to different stakeholders, as well as improving the overall transparency, disclosure and consistency of sustainability reports produced by the NZX's listed organisations. Five participants expressed their views as follows:

> "*...the recommendation has landed is about right, so it pretty closely aligns with the ASX one, so I think it gives scope for issuers to focus their non-financial reporting on what they think is important, so I think that...some issuers might choose to report more fully on what they're doing in the environment space.*" (**I2**)

> "*it's good to finally...like you said before, before people weren't reporting on it, and because of that people are going to be forced to. And I think, unfortunately, I mean it would*

have been nicer if people did it intrinsically, if people had just done it already, but because that's not happening, I think it's a great thing." (**S1**)

"*we absolutely agree with the recommendation. I think it is very sound and it very much brings the NZX Code into line with global best practice around this*" (**C1**-1)

"*yeah…ultimately, we all should be reporting on non-financial information and if ESG is important to our key stakeholders both internally and externally, then absolutely we should be demonstrating the activity that we are doing towards these goals, and these strategies, right? like I say, ultimately, it's about the long-term sustainability of the business, not E, S and G, but delivering for all key stakeholders, whether they be customers, or whether they're investors*" (**I1**)

"*I agree because if you don't understand how an organisation is managing its human capital and natural capital and reputational capital, then you do not understand the future financial prospects of that organisation and whether it's comprehensively managing its risks*." (**E1**-1)

However, one participant believes that the NZX's recommendation for ESG reporting "*should have been stronger and that it should have been, you just have to do it, rather than report or explain*" (**E1**-1)This view can be explained and justified by the sustainability reporting literature, where researchers argue that "reporting has only been achieved so far when mandated by law" (Dierkes & Antal, 1986, p. 113). One participant from the agriculture organisation illustrated this point in reference to integrated reporting:

"If you compare this to South Africa, for example, where integrated reporting is mandatory, the take-off of integrated reporting there has been huge compared to New Zealand." **(A1)**

According to the sustainability reporting literature, in some of the world's most regulated financial markets, the *'comply and explain'* approach can have a compelling effect on the rate of sustainability reporting, even when applied as a voluntary instrument (Bartlles, Fogelberg, Hoballah, & Van der Lugt, 2016). Two respondents acknowledged that the NZX's Recommendation ESG reporting is a reasonable first step, and expressed their views as follows:

"*you want [the Recommendation 4.3 of ESG reporting] to be mandatory so you have to report on your ESG… maybe this is the first step for New Zealand*" (**T1**)

"*I wish it was mandatory as opposed to voluntary, but it is definitely a positive step forward."* (**A1**)

Of significance, the argument is grounded on the ideal that organisations should not be able to use an "explain" option to explain why they are not reporting on its ESG impacts, and therefore "*be able to duck out*" (**E1**-1) from the reporting. While the NZX's recommendation for ESG reporting may be enacted on a *'comply or explain'* basis, listed organisations should not turn a blind eye, and forgo sustainability reporting for the sake of compliance costs with the reporting. Even if the NZX's recommendation for ESG reporting is enacted as a *'comply or explain'* basis, there is a strong incentive for an organisation to comply. The reason is that *"companies in general don't want to write an 'explain why I'm not reporting' statement"* (**E1**-1) because today's stakeholders no longer just evaluate an organisation from a financial point of view, but also by its non-financial performance (Popa et al., 2009; Kolk & Pinkse, 2010; Eccles et al., 2011) and, therefore, failure to be perceived as transparent will have a detrimental effect on an organisation's reputation (Gower, 2006). Two reporting organisations went on to comment:

> "*obviously, [the NZX listed members] now have to do it, otherwise they're going to stand out that they're not*" (**S1**)

> *I think there won't be so much 'explain'. [The NZX listed members] don't want to explain if they don't have to, why they didn't comply, right? Thon the whole will comply, because you don't want to explain why you couldn't and that makes you look bad*" (**E2**)

5.4.2. The view from listed organisations - Impacts of the Recommendation of ESG reporting

When asked about "*How do you think the changes to the NZX code (especially the recommendation 4.3 on ESG reporting) will impact your organisation's non-financial reporting?*". The majority of the organisations' responses can be summarised as "no major changes". For example, three reporting organisations justified their views as follows:

> "*I think we'll just continue to go from strength to strength, I think all it does is reinforce that the journey that we're on it the right journey*" (**A1**)

> "*I think that we've been on the journey for a while, so I think for us, what has been proposed isn't going to have a huge amount of impact just because we've already been doing this for quite some time, but I just think it will help us tick the boxes in the sense of making sure that we're meeting their requirements*" (**I1**)

> "*Not at all, and the reason I think that is because I think we'd already met that benchmark. There'll be a few little tweaks, but you always make changes going forward, and to be honest, I don't think there's anything in there, so the ESG one in particular, there's nothing in that space that we haven't reported before… if any, we will comply totally with no problem*." (**E2**)

Since the majority of the organisations are well established within their respective industries, it is easy to assume many of these organisations have already positioned themselves in a way that are deemed socially and environmentally responsible. Well, that is how they would see themselves, and how they want to appear to be seen in the eyes of their stakeholders. This view is further supported by the given responses to the follow-up question, when asked "***without a stock exchange intervention****, would your organisation have engaged in sustainability reporting?"*. Most of responses could be summarised as 'Yes'. In contrast, for the other two organisations who have published their very first standalone sustainability report, an understanding can be gained by examining their rationale for the organisation's decision to engage in sustainability reporting. When asked: "*Is the New Zealand Stock Exchange regulation the main driver of your organisation to publish your very first sustainability report?"*. They commented as follows:

> "*We were already doing it even before we knew about the announcement [the Recommendation 4.3 of ESG reporting]*" (**S1**)

> "*No, no, no…We were already on track to release a sustainability report, at the point where we were having the discussions around it and getting the feedback on the NZX Code, so the Code itself didn't cause us to generate the sustainability report*" (**C1**-2)

Overall, the majority of the organisations are aware that being a good corporate citizen is a key driver that preserves its 'license to operate', manages stakeholder pressure, and appears to be socially and ethically responsible to a wide spectrum of stakeholders. This fact seems to have become more apparent for larger organisations as their organisations' financial and non-financial information have larger pecuniary impacts on the market, and therefore create the incentives for doing it (Jones et al., 2007; Cowen et al., 1987).

5.4.3. The view from listed organisations - impacts of the NZX's recommendation and the future of sustainability reporting

As one participant from a tourism organisation pointed out, "*we've stuck our heads in the sand for a very long time"* (**S1**); without reforming the perspectives of non-reporting organisations toward sustainability reporting, it is less likely that many of these non-reporting organisations will meaningfully engage in the reporting. To investigate the next best alternative solution that would encourage the uptake of sustainability reporting, and consequently, provide a valuable input to a future policy-making process, the research participants were asked to express their personal opinions on "***Instead of a stock exchange intervention,*** *what else could have been done differently to promote and encourage the uptake of sustainability reporting in NZ?*". The responses were mixed. However, the most recurring recommendations were "having the ESG reporting regulated at a stock exchange and/or a government level". Three reporting organisations expressed their views as follows:

> "*I think everything else that could have been tried was tried, and the stock exchange is the place where it has to happen to get more people reporting. If you don't make it compulsory, it's not going to happen."* (**E1**-1)

> *"I just think that making it mandatory as much as anything, may be some of the provisions in there, there could be more in there, but I think as much as anything it should be mandatory*" (**A1**)

> "*you needed some type of regulatory intervention…stock exchange is good, and like I said, it lifts the bar for even privately-held or non-listed companies because they look to that as a benchmark, but the other option I guess would've been government regulation*" (**E2**)

One participant further pointed out that *"if the government was to have more influence"* (**T1**), the government could have positively uplifted the interest of sustainability reporting among New Zealand's listed organisations. A meaningful dialogue with organisations would have also helped the government to create an awareness around the value of sustainability at an organisational level and, essentially, this would jumpstart the organisations to become more aware of the social and environmental impacts of its activities. One participant believed:

> "*if that discussion could have been started a lot earlier than it had, and for government to participate in it... I think that would have helped businesses to start that discussion and to participate in it as well*" (**S1**)

Overall, this view can be reinforced with the earlier discussion on the "the lack of regulatory interventions to influence sustainability reporting", the findings argue that a regulation intervention is a crucial component in further inducing the uptake of sustainability reporting and, consequently, helping organisations become more accountable for their actions.

5.4.3.1 How will the changes impact an organisation's short-, medium- and long-term goals ?

Sustainability reporting is a vital asset for an organisation's future financial success, but such an asset also permits stakeholders to have a clear sense of direction of how the organisation is intending to operate in the short-, medium- and long-term, and most importantly, it allows them to make well-informed investment decisions (Daub, 2007; Legendre & Coderre, 2013; NZX, 2017b). As stated, an organisation with a strong internal corporate sustainability strategy allows the organisation to have a clearer outlook of its short-, medium- and long-term organisational goals. This view is derived from the fact that an organisation with a strong internal corporate sustainability strategy affords the organisation the opportunity to plan-for and mitigate risks associated with uncertainties in respect to its operational activities (Stephenson, 2009). As a result, this helps the organisation to formulate a strategy that creates a long-term relationship with their stakeholders that feeds into the organisation's financial success, and retains their license to operate.

To shed light on this issue, all research participants were asked to express their opinions on "*How the changes in the NZX code (especially the Recommendation 4.3 on ESG reporting) will impact your organisation's short-, medium- and long-term organisational goals.*" Most responses were mixed. However, the recurring responses could be summarised as "no major changes".

> "*it will have zero impact on what we were already doing*" (**E1**-2)

> *"I don't think that they will have any impact because I think our reporting is at such a level that its well in excess of our Code obligations as we've touched on earlier in the conversation…this is so much part of our strategy…it's part of everything we do, it's not about complying with the Code"* (**C1-**1)

> *"I don't think the reporting necessarily has any further impact on that, it's just more that our, our sustainability understanding and thinking in general… will have matured in the long, medium to long term.*" (**S1**)

> "*probably nothing, really, because I think we have had that view in our planning for a while and especially integrated reporting which is a framework we have been using particularly focuses you on short, medium and long-term value creation*" (**E2**)

As is shown, sustainability-conscious organisations with a strong internal sustainability strategy are more likely to have a well-defined view of their organisation's future outlook that enables them to exactly pinpoint their organisation's short-, medium-, and long-term sustainable development goals. However, of all the interviewed organisations, only two of organisations were able to clearly explain this. To illustrate, one reporting organisation suggested that:

> "*Short term, we've had to rethink how we do our reporting around corporate governance. We've also had to implement some additional policies to reflect the breadth of requirements around the new code. An example is ethical behaviour and diversity. Medium term, we've set the objective next year of achieving full compliance with the code. Long term, I think it really gives a frame of reference, and reinforcement of the link between corporate governance and sustainability*." (**A1**)

Overall, the findings could be summarised as the changes in the NZX code (the NZX's recommendation for ESG reporting) may perhaps not have a significant impact to many of these reporting organisations' short-, medium- and long-term goals, apart from extending the scope of their organisation's current reporting. For some these reporting organisations, the NZX's Recommendation for ESG reporting can be seen as:

> *" it's just another good tool to reinforce the value on the stock exchange and in investors' eyes around the non-financials and their contribution to value creation"* **(A1)**

This view can be reinforced by the fact that the majority of these organisations have already positioned themselves in such a way, via integrating the value of sustainability as part of the way they do business (Stubbs et al., 2013).

5.5 A Perspective of a market regulator - The recommendation 4.3 of ESG reporting

The researcher was fortunate enough to interview the person who was directly involved in the design and implementation of the revised NZX Code. The interview guide used in this interview can be seen in detail in Appendix 5.3. The main objective of this interview was to gain an understanding of the rationale behind the revised NZX Code and the perceived effectiveness of the '*comply and explain'* regime, from the market regulator's perspective. To demonstrate accountability, the market regulator commented: "*as the operator of a regulated market we have the opportunity to set rules which are binding on listed companies in terms of reporting rule"* (**R1**). It is important to note that the revised NZX code was the first substantial update since 2003, and the market regulator acknowledged that "*corporate governance practices had evolved since then"* (**R1**).

When asked about "*what were the drivers behind the NZX's decision to integrate ESG reporting into the revised corporate governance code*," the response could be summarised as:

> *"A big theme behind the Code is about trying to help companies to help themselves and present the best picture they can of their company to investors."* (**R1**)

In line with the earlier findings, from the market regulator's perspective, the lack of sustainability reporting in New Zealand can be attributed to the 'lack of awareness' around the value of the reporting, which has further contributed to the 'lack of demand' for the reporting, respectively:

> "*what was clear from our review was that [sustainability reporting] was quite new to them and they didn't…have an awareness of it."* (**R1**)

> "*for overseas there's been a push for this type of reporting for a while now, and obviously there's been great take up…and also strong demand from investors. We're only really recently seeing that emerge in New Zealand*." (**R1**)

Without question, the provision of non-financial disclosure appears to be one of the most prominent aspects within the NZX Code the market regulator is intent to fortify. This is important because it ensures that listed organisations become accountable to a wider spectrum of stakeholders, not just financial stakeholders. In response to this demand, the recommendation has been considered as part of a revision to the NZX Code. In the NZX's own words, "the use of ESG disclosure is becoming more important in relation to investment decisions…Issuers can show investors that they are equipped for the long term, and are ready to respond to risks and take advantages of opportunities" (NZX, 2017c, p. 4). To capitalise on this opportunity, the market regulator has to take a reasonable step to "*show leadership*" (**R1**); and implemented the regulations that would reflect international best practices, and are beneficial to the domestic financial market:

> *"[The] recommendation, the way it is drafted, is toward non-financial reporting, and that should include consideration of material ESG factors…we introduced this particular recommendation and specifically referred to ESG... because of the demand for it from investors, [and] the other thing for us which was important is, I think it can be a strategic advantage for the local market…those were the drivers behind introducing this Code. It was really about responding to feedback, keeping up with international best practice and looking for ways that local New Zealand companies can perform well on the international stage."* (**R1**)

5.5.2. The view from a Market Regulator - The effectiveness of 'comply or explain' approach

As noted earlier, the 'comply and explain' approach is regarded as a "soft law", and the effectiveness of the *'comply or explain'* regime has been called into question (Senn, 2018). Snyder (1994) defined soft laws as "*rules of conduct which, in principle, have no legally binding force but which nevertheless may have practical effects*" (p. 2), or as explained by the market regulator:

> *"[the] recommendation, the way it is drafted, is toward non-financial reporting, and that should include consideration of material ESG factors. So, it's not to say that every company must report ESG, so it asks them to think about it, if it is material for them, consider providing disclosure, and as you know, the recommendation is comply or explain. So, it's been introduced softly, we don't think this is appropriate for strict black letter law, saying 'you must do this'"* (**R1**)

Due to this non-legally binding obligation, the effectiveness of the *'comply or explain'* approach is somewhat debatable. Given the ESG reporting "*was the first time [the market regulator] had really tackled the issue*" (**R1**), a further question concerns: "*how the New Zealand Stock*

Exchange will enforce the code in order to improve the listed organisations' non-financial disclosure behaviours?". The market regulator responded as follows:

> "*We're not going to make it a one-off, just release the Code and then forget about it. It will be about observing how companies respond to the updated Corporate Governance Code and to see how disclosure practices evolve. You need some time to see that, a couple of reporting cycles probably, to get a good data set…that will allow us to obviously analyse some data, make some observations, if we need to deploy some further resources in the form of guidance or whatever it might be...but we think that [the comply or explain regime] is the right way to do it at this stage."* (**R1**)

In line with past literature, Patten (2005) illustrates that an increase in disclosures can only be attributed to rising regulatory pressure. The researcher further probed the market regulator with a follow-up question: "*If the NZX's objective is to promote and encourage the uptake of sustainability reporting among the listed organisations, would it make more sense to have the recommendation of ESG reporting regulated, rather than having it on a comply or explain basis?*". The market regulator expressed his view as follows:

> "*This is always an interesting question of balance…how much do you create binding obligations. There's some key principles underpinning corporate governance, and that is one size doesn't fit all."* (**R1**)

In light of the revised NZX code, the nature of the code is to recognise that "*one size doesn't fit all*" (**R1**), while attempting to gently raise an awareness around ESG issues, and potentially stimulate an overall uptake of sustainability reporting among New Zealand's listed organisations. Even if the *'comply or explain'* basis is seen as an ineffective enforcement mechanism, as stated by the market regulator, one way that a listed organisation can maintain a good reputation with their stakeholders is to demonstrate "*transparency*" (**R1**) and to achieve this, they must disclose and communicate "*better information for the market and investor to make better informed decisions*" (**R1**). The market regulator went on to say:

> *"even though, it's comply or explain, it's not mandatory, it's actually a compelling form of regulation, because companies need to say they've chosen not to do it and explain that to their shareholders, and they find that quite difficult."* (**R1**).

As argued by Ioannou & Serafeim (2017), while the mandatory sustainability reporting requirements may impose compliance costs on some organisations, the researchers seem to suggest otherwise, they find the effect of the mandatory regulation of ESG on organisations has been "value-enhancing rather than value-destroying" (p. 6). Of significance, this view can be justified by the fact that good governance practices can result in higher levels of transparency and disclosure, which afford organisations a long-term relationship with their stakeholders that facilitate value creation (Chi, 2009; Ioannou & Serafeim, 2017). Since, the *'comply or explain'* regime is seen as an ineffective enforcement mechanism, based on the corporate governance literature, it is anticipated that the effectiveness of the *'comply or explain'* will exert little pressure on the uptake of sustainability reporting in New Zealand. In part, the *'comply or explain'* regime affords a legal loophole which allows the explanation for the absence of non-financial disclosure to be seen as an acceptable justification for non-compliance. Nonetheless, the regulator and several organisations suggested it might be difficult to 'opt-out' explain why the code is not being followed.

5.6 Summary and Conclusions

This chapter presented some descriptive findings which addressed various implications regarding: the rationales behind *'for and against'* engagement in sustainability-related reporting practices among New Zealand's listed organisations; managerial perceptions and attitudes toward the revised NZX's recommendation for ESG reporting; and how the changes may impact their organisation's sustainability-related reporting practices in the short-, medium- and long-term goals.

Findings highlight that the lack of sustainability reporting in New Zealand can be largely attributed to the lack of general understanding around the value of sustainability reporting; the lack of resources to implement the reporting; the lack of regulatory interventions to influence the reporting; and the lack of demand for the reporting. The rationales for organisations that do report include: an internal organisational structure that encourages sustainability reporting; sustainability reporting is perceived being a strategic tool; sustainability reporting assisting an organisation's financial success; and sustainability reporting is used to manage external and internal stakeholder pressure.

The majority of the organisations generally agreed that the NZX's recommendation for ESG reporting would likely further induce the uptake of sustainability reporting among New Zealand's listed organisations. Some organisations believed that the NZX's recommendation for ESG reporting should have been mandated rather than prescribing it as a *'comply or explain'* basis. Nonetheless, from the listed organisations' point of views, the NZX's recommendation for ESG reporting was a reasonable first-step taken by the NZX to further accelerate sustainability reporting in New Zealand.

As regards to how the revised NZX code may impact their organisation's sustainability-related reporting practices in the short-, medium- and long-term goals, the findings could be summarised as the changes in the NZX code (the NZX's recommendation for ESG reporting) may perhaps not have a significant impact, apart from extending the scope of their organisation's current reporting. The reason is that many of these reporting organisations have already positioned themselves as such, and are fully committed to reporting non-financial information.

From the market regulator's perspective, *"[a] big theme behind the Code is about trying to help companies to help themselves and present the best picture they can of their company to investors."* (**R1**) and *"even though, it's comply or explain, it's not mandatory, it's actually a compelling form of regulation"* (**R1**).Whether the *'comply or explain'* regime will be effective remains to be seen. Non-reporters may remain so by making use of an 'explain' option to provide explanations why they deviate from the Code's provisions, rather than complying with it. Both the regulator and several reporters thought this would not be easy. But the regulator suggests it will take at least a couple of years to determine. A case of 'watch this space'.

Chapter Six

Discussion and Analysis

6.1 Overview

This chapter is divided into two key sections. The first section will discuss the quantitative research concerning the current state of the quality of reporting among New Zealand's listed organisations and its potential determinants. The second section discusses the qualitative research concerning the rationales behind *'for and against'* sustainability-related reporting practices, and managerial perceptions and attitudes toward it. Using theoretical perspectives framed by legitimacy, institutional, and stakeholder theories, it enables this study to speculate and draw various implications regarding: how and to what extent the revised NZX Code may or may not improve sustainability reporting in New Zealand.

6.2 Quantitative Discussion and Analysis

6.2.1 The potential determinants of sustainability reporting in New Zealand

In the context of sustainability reporting, profitability measures are proven to have a positive relationship with the level of non-financial disclosures and organisational profitability because managers are led to believe that engaging in such disclosures are necessary to make an organisation profitable (Galant & Cadez, 2017) and, therefore, differentiate itself and survive in today's competitive business environment (Cowen et al., 1987; Atkinson, 2002; Porter & Van der Linde, 1995). However, the study failed to validate this relationship and recognise the profitability measures as one of the potential determinants in explaining the extensiveness of non-financial disclosures. The result mirrored what Hackston & Milne (1996) found in their study, suggesting the amount of non-financial information disclosed by the NZX50 is not directly and/or indirectly associated with organisational profitability. This is explained by the fact that sustainability disclosure may be perceived as a cultural practice (or legitimacy for another word) that organisations arguably use to manage their non-financial stakeholder pressure (Higgins et al., 2015), rather than investment decisions because investors have been willing to accept risk and invest with the minimal amount of disclosure ever since stock exchange appeared a couple of hundred years ago.

On a side note, the sustainability reporting literature has identified industry as one of the most significant determinants for why organisations may want to undertake sustainability reporting (Graves & Waddock, 1994; Griffin & Mahon, 1997; Hackston & Milne, 1996; Moore, 2001; Ruf et al., 2001; Simpson & Kohers, 2002). This understanding can be traced back to an early discussion around the notion of public visibility, where the researchers argue high-profile organisations, with a high public visibility, are expected to display greater concern to improve their corporate image (Higgins et al., 2015). In part many of these high-profile organisations are highly visible in the society in which they operate, and consequently, the environmental and social impacts of their activities attract media attention from a wider range of non-financial stakeholders. And, one way for these high-profile organisations to alter the perceptions of the general public is to disclose sustainability-related information, such as disclosing extensive non-financial disclosures in relation to any one of the sustainability metrics, in contrast to low-profile organisations (Hackston & Milne, 1996). Nevertheless, this study was unable to justify this relationship found in Hackston & Milne (1996), implying that high-profile organisations do not disclose more sustainability-related information than low-profile organisations.

In line with the findings of Hackston & Milne (1996), this study only accepts firm size as the only potential determinant in explaining the amount of non-financial disclosures, while profitability and industry sensitivity do not. This view may be justified by the 'beliefs' of the report preparers, for example, that organisations with the organisational objectives that are purely financial will not disclose a lot about social and environmental matters, but may publish sustainability reports to maintain and enhance their legitimacy. Whereas large high-profile organisations will regardless publish sustainability reports that are purely for strategic legitimacy reasons (Higgins et al., 2015) as they are led to believe that compliance with the norms of certain non-financial stakeholders enables organisations to preserve their "*license to operate*" (Kolk & Pinkse, 2010, p. 17), and consequently, obtain public approval from the society in which they operate (Clarkson et al., 2008). And, the quantitative findings seem to support this argument, highlighting that being a large organisation (in terms of sales, market capitalisation and assets) is quite advantageous, and is likely to indicate a greater amount of GRI hard key performance indicator disclosures (see Table 17).

Given this study is unable to explain profitability and industry effects as potential determinants for the amount of non-financial disclosures, the relationship of overseas (multiple) stock exchange listings and the amount of non-financial information disclosures was then investigated. Once again, this study was unable to lucidly demonstrate this relationship, suggesting that New Zealand dual-listed organisations are not generally disclosing more sustainability-related information than NZX-only listed organisations. The possible explanations that may support this relationship are rested upon two premises. First, large listed organisations are constantly subjected to greater public scrutiny from the society in which they operate and, therefore, they are being pressured to be more transparent and accountable, via disclosure of sustainability-related information, by their influential non-financial stakeholders to become socially and environmentally responsible for its own activities (Dillard et al., 2004). Whereas, small listed organisations are not stereotypically subject to the same kind of non-financial stakeholder pressure to voluntarily engage in sustainability reporting (Higgins et al., 2015; Higgins et al., 2018). Since different organisations may experience different expectations from society, they may find it necessary to report specific performance indicators in order to be perceived as legitimate (Roca & Searcy, 2012). A detailed discussion is provided in the next subsection. Second, larger organisations have greater resources to undertake sustainability reporting and, therefore, this empowers them to positively influence the extensiveness of sustainability-related information (Hackston & Milne, 1996).

6.2.2 The current state of the quality of reporting among New Zealand's listed organisations

Through a rigorous content analysis of the quality of NZX50's publicly available non-financial information disclosures, the findings indicated the rate of sustainability-related information disclosed by the NZX50 was disappointing. Past literature agreed that it was possible to distinguish the quality of disclosure as opposed to quantity (disclosure) by thoroughly examining the ratio of hard to soft disclosure GRI G4 items disclosed by the NZX50 (Clarkson et al., 2008). From Appendix 8.1, there are disclosure differences between reporting and non-reporting organisations. The graph indicates that the amount of non-financial information reported by the NZX50 on average is 11% of the total GRI index (or equivalent to 10 key performance indicators). More specifically, the NZX50 on average disclosed 9% of total hard disclosure item index (or equivalent to 7 hard key performance indicators), while 17% for soft disclosure item index (or equivalent to 3 soft key performance indicators).

By partitioning the sample into sub-groups, the level of disclosure among listed organisations within the NZX50 can be individually assessed. Appendix 8.2 separates reporters and non-reporters. The results have now become more distinct in distinguishing the NZX50's reporting behaviour. For reporters, the amount of non-financial disclose are averaged about 14% of the total GRI index (or equivalent to 12 key performance indicators), 13% of total hard disclosure item index (or equivalent to 9 key performance indicators), and 22% of total soft disclosure item index (or equivalent to 3 key performance indicators). On the other hand, non-reporting organisations averaged about 5% (or equivalent to 5 key performance indicators), 4% (or equivalent to 3 key performance indicators), and 12% (or equivalent to 2 key performance indicators).

There are similarities and differences between the results obtained and those reported in past studies. With exceptions to the GRI's "Economic" indicators such as EC1, the indicators disclosed by Spanish (Gallego, 2006), Greek (Skouloudis & Evangelinos, 2009), and Canadian (Roca & Searcy, 2012) organisations were not commonly reported by the New Zealand's listed organisations. For example, the GRI's "Environmental" indicators on EN3 - direct energy consumption, EN8 - total water consumption, and EN15 and 16 - emissions were widely reported by the past studies, whereas New Zealand's listed organisations barely discussed these environmental performance indicators. This is even among New Zealand's best sustainability disclosers (see section 4.3.2). As regards to the GRI's "Social" indicators, there were similarities in the social indicators disclosed such as SO1 - local communities, LA1 - breakdown of workforce, LA2 - employee benefits, LA6 - occupational health and safety, and LA9 - training and education. In line with the literature by Milne et al. (2003) and Chapman & Milne (2003), the results obtained show that New Zealand's listed organisations typically do well in areas that require basic qualitative and quantitative disclosures - such as economic performance (EC1), indirect economic impacts (EC7 and 8), local communities (SO1), employment (LA1 and 2), occupational health and safety (LA6), and diversity and equal opportunity (LA12) - and tend to do poorly in areas where more specific quantitative disclosure is required - such as, training and education (LA11), equal remuneration for women and men (LA13), local communities (SO2 and 5), product responsibility dimensions (PR1, 2, 3, 4, and 7), and issues concerning suppliers assessments (EN32; LA14 -15; HR10 - 11; and SO9 -10).

Two explanations may be presented. First, Matten & Moon (2008) explain different countries may experience and/or have different national business systems that are coerced by a variety of national institutions (DiMaggio & Powell, 1983; Deephouse, 1996). Hence, organisations may find it necessary to report specific performance indicators in order to be perceived as legitimate (O'Donovan, 2002; Roca & Searcy, 2012), and meet the “expectations and demands of its powerful stakeholder” (Deegan, 2009, p. 360). Second, the New Zealand business environment is highly predominated by SMEs (Collins, Lawrence, Pavlovich, & Ryan, 2007; Collins, Roper, & Lawrence, 2010) and, therefore, an awareness around the value of sustainability reporting has not really expanded, and is not well understood by these organisations. Hence, this has further delayed the demand for sustainability reporting, and consequently, this has resulted in a low uptake of the reporting in New Zealand (Bebbington et al., 2009), although their reporting practice can be much improved by focusing on those items in Table 5 that receive poor or no coverage (Chapman & Milne, 2003).

There are a number of theoretical explanations for the wide variety of indicators disclosed, where two particularly relevant perspectives are provided by stakeholder and legitimacy theories (Deegan & Unerman, 2006). Stakeholder theory argues organisations have social obligations to many individuals and groups who both affect and/or are affected by the organisation in the society in which they operate (Freeman, 1984). It is evident that the more salient the stakeholder to an organisation (Mitchell et al., 1997), the greater the effort management of the organisation to meet the expectations and demands of those stakeholders (Deegan, 2009). Hence, if different organisations have different pressures from different non-financial stakeholders, it is easy to assume that, in the absence of mandatory sustainability reporting requirements, the organisations could be coerced to adopt reporting practices that achieve specific desired outcomes such as undertaking sustainability reporting that meets the “expectations and demands of its powerful stakeholder (while possibly ignoring the expectations of less powerful stakeholders) “ (Deegan, 2009, p. 360).

For example, Fonterra and Sanford are large listed organisations with high public visibility (e.g. organisations that are highly visible due to their names or brands being highly [street] visible;

Higgins et al., 2015), both domestically and internationally, and, therefore, they are constantly put under pressure from the society in which they operate, particularly by their non-financial stakeholders (Branco and Rodrigues, 2008; Higgins et al., 2015). In part these non-financial stakeholders, especially customers or consumers, have the power to potentially influence an organisation's financial success (such as, unsatisfied consumers may stop buying products and services from one organisation), and consequently, this has become the organisation's best interest to manage their non-financial stakeholder pressure (Aver et al., 2009; Becker, 2011; Higgins et al., 2015). And, one way that an organisation can maintain a good relationship with their stakeholders is to demonstrate transparency, such as participating in sustainability reporting activities (Carroll & Einwiller, 2014; Buhr, 2010). This can be explained with the interview results, when interviewed organisations were asked to "*write down the top 3 key external stakeholders that might want sustainability-related information";* it was found that almost every organisation mentioned "*customers*" and *"investors"*, whom they consider to be their key external stakeholders or as their most powerful stakeholders.

In a similar vein, legitimacy theory states that as organisations attempt to become institutionalised, they will deliberately try to mould their behaviours that are deemed 'worthy' in the eyes of a wider spectrum of stakeholders, thereby leading them to adopt rules and structures that enhance their legitimacy (Meyer & Rowan, 1977). Using a perspective framed by legitimacy theory, in the context of sustainability disclosure, environmental and social disclosure can be an effective mechanism for organisations to shape the general perceptions of their stakeholders and, essentially, the general public (Carroll & Einwiller, 2014). This is especially common for organisations that operate in a high-profile industry with high public visibility (Hackston & Milne, 1996; Higgins et al., 2015; Higgins et al., 2018). Given the quality and, especially the completeness, of the majority of New Zealand's listed organisations are not that great, sustainability reporting may be viewed as part of an organisation's overall strategy that gains, maintains and repairs their legitimacy (Dillard et al., 2004; Higgins et al., 2015; Higgins et al., 2018; O'Donovan, 2002; Ratanajongkol, Davey, & Low, 2006; Tilling & Tilt, 2010).

To illustrate, Kathmandu and the Warehouse share a similar organisational structure, operate in a high-risk industry and, most importantly, they compete in a highly competitive retailing environment. The environment is not only competitive, but it has special characteristics and structure to its requirements - such as shortened lead time, faster inventory turnovers and high order fulfilment rates for consumer demand at its peak period. To become and remain responsive in this unique environment, various ethical issues in relation to supply chain, employment, product stewardship, and environmental issues are often being pushed aside (Turker & Altuntas, 2014). Because of this reason, Kathmandu and the Warehouse are highly concerned about their corporate image, and potentially frightened of their non-financial stakeholders (Branco & Rodrigues, 2008). In part it is not because they are actually concerned about their non-financial stakeholders, but their stakeholders can change and influence the financial success of the organisation (Branco & Rodrigues, 2008; Becker, 2011; Higgins et al., 2015). For instance, to be perceived as transparent, the Warehouse and Kathmandu reported material items such as HR10 (% of new suppliers that were screened using human rights criteria) and HR11(negative human rights in the supply chain and actions taken) because they recognise that manufacturing processes in this particular sector do not usually require high skills or education and, therefore, it is often being outsourced to offshore countries - such as, India, Bangladesh, Vietnam, China- and are typically composed of either forced or child labour (Turker & Altuntas, 2014). Overall, this basic understanding is supported by legitimacy theory, which suggests that different organisations may experience slightly different pressures, potentially from the different sources, and consequently, the organisations may find it necessary to report specific performance indicators or undertake sustainability reporting altogether in order to be perceived as legitimate (Roca & Searcy, 2012).

6.3 Qualitative Discussion and Analysis

The interview questions were framed in accordance to the pattern that emerged during the quantitative findings, and the questions covered the following areas:

1) Examining what constitutes organisations to be '*for or against*' the sustainability reporting practice in New Zealand context;
2) How the revised NZX code, especially the NZX's recommendation for ESG reporting, will induce the future uptake of sustainability reporting in New Zealand; and
3) Investigating managerial perceptions and attitudes of 'reporting' and 'non-reporting' organisations toward the revised NZX code, especially the NZX's recommendation for ESG reporting, and how might this change their disclosure practices in the short-, medium- and long-term.

6.3.1 What constitutes organisations to be '*for or against*' the sustainability reporting practice in New Zealand

The social and organisational factors that were found to explain reporting and non-reporting in the sample of eight organisation are not a whole lot different from the early explorations of the motivations, drivers and barriers associated with sustainability reporting (Stubbs et al., 2013; Gray et al., 1996; Bansal & Roth, 2000; Higgins et al., 2015; Autry & Golicic 2010; Fombrun, 2005; Lougee & Wallace 2008). The findings suggest that the lack of sustainability reporting in New Zealand can be attributed by a number of factors, which include:

- The lack of general understanding regarding the value of sustainability reporting;
- The lack of resources to implement the reporting;
- The lack of regulatory interventions to influence the reporting; and
- The lack of demand for the reporting

The lack of sustainability reporting in New Zealand can be largely characterised by how the value of reporting is being perceived and understood by an organisation. The importance of sustainability reporting is likely to sit relatively low within an organisation's priority list if the reporting is not perceived to be a risk factor for the organisation. This view can be justified as "something that is 'nice to do', but not a 'must do'" (Stubbs et al., 2013, p. 466). Not surprisingly, without demonstrating quantified benefits associated with sustainability reporting, it is less likely that non-reporting organisations will voluntarily engage in the reporting, let alone put in place the structural and cultural changes that facilitate the reporting (Stubbs et al., 2013) because there are more effective ways for organisations of dealing with sustainability issues, rather than devoting all of their resources to sustainability reporting as "*it's expensive*" (**I2**). One respondent from the non-reporting organisation earlier stated that:

> "*if someone turned up tomorrow and said 'if you report fully against GRI… your share price will increase by x.' If you can demonstrate hard evidence that it does actually make a difference, but otherwise I think it's about issuers identifying what's relevant and important in their own businesses…*" (**I2**)

Most importantly, if they have not had the non-financial stakeholder pressure to voluntarily engage in sustainability reporting, then they have not been too interested in doing the reporting anyway. He went on to comment:

> *"So we could choose to do GRI…but talking to our investor relations manager, in the last four years, he gets maybe one inquiry a year about that stuff, maybe one or two, and that's from fund managers who need to do internal reporting*" (**I2**)

In contrast, reporting organisations, especially the top listed organisations with a high public visibility (e.g., Fonterra, the Warehouse, or Sanford) within the NZX50 do not need the "hard evidence" (**I2**) that demonstrates a positive relationship between the non-financial disclosures and the financial performance. Since sustainability reporting for them is seen as a way for their organisation to meet their social and ethical responsibilities (Higgins et al., 2018), typically disguised as a strategic tool that gains and maintains their legitimacy (DiMaggio & Powell, 1983; Oliver, 1991), when they are under pressure from the society in which they operate, both internally and externally, or under the non-financial stakeholder pressure to be socially and ethically responsible (Bebbington et al., 2009; Higgins et al., 2015). One respondent from the telecommunication organisation commented:

> "*some of the smaller companies may not be under that same[non-financial stakeholder] pressure, even though they're listed…"* **(I1)**

In part many of these non-reporting organisations do not have a very high public visibility and, therefore, they are not typically subjected to the same non-financial pressure to voluntarily engage in sustainability reporting, even if the non-reporting organisations are operated in a high-risk industry, their environment and social issues are less likely to attract media attention, or the general public (Higgins et al., 2015; Stubbs et al., 2013). Hence, non-reporting organisations may essentially be excused from undertaking this type of reporting (Higgins et al., 2018). Nonetheless, the majority of the organisations largely believe that the lack of regulatory interventions has further delayed the demand for sustainability reporting in New Zealand.

On the contrary, for organisations that do engage in sustainability reporting, a number of motivational factors associated with sustainability reporting include:

- Organisational characteristics/structure encourage sustainability reporting;
- Sustainability reporting is perceived as a strategic tool;
- Sustainability reporting assists an organisation's financial success; and
- Sustainability reporting is used to manage external and internal stakeholder pressure.

This stems from the belief that the value associated with sustainability reporting outweighs the costs of undertaking it (Bebbington et al., 2009). Empirical evidence suggests internal organisational characteristics play a crucial role in how sustainability reporting is viewed and understood, and comes from a strong sustainability leadership for being accountable for wider societal interests (Stubbs et al., 2013). Certainly, this belief has been found as one of the rationales for why organisations state they engage in sustainability reporting. The findings further point out that internal organisational characteristics play a significant role in how the value of sustainability is viewed and understood.

Nonetheless, a wide consensus among the interviewed organisations view sustainability as part of the way they do business and therefore, it is embedded within their organisational culture.

For some, a different logic prevails. It seems organisations that operate in a high-risk industry with a high public visibility are more likely to utilise sustainability reporting as a strategic tool (Higgins et al., 2018), which they arguably use to manage their non-financial stakeholder pressure in order to maintain their '*license to operate'* (Higgins et al., 2015). This aligns with the notion of legitimacy theory, where environmental and social disclosures are used as strategic motives for organisations to shape the general perceptions of their non-financial stakeholders and, essentially, the general public (Carroll & Einwiller, 2014) in order to maintain their legitimacy (O'Donovan, 2002).

As sustainability reporting continues to grow, organisations are becoming more alert to what is happening in today's business (Galant & Cadez, 2017). As illustrated previously, if you compare and contrast non-reporting organisations inside the NZX50 (such as, A2 Milk Company Limited, CBL Corporation Limited or Delegat Group Limited) with reporting organisations of the same group (such as, the Warehouse Group Limited, Sanford Limited, Mercury NZ limited, or Fonterra Co-operative Group Limited), the general public would immediately recognise almost every reporting organisation. This is because these reporting organisations have a very high public visibility and, therefore, their organisations' environment and social issues are more likely to attract much attention from a wider range of stakeholders (Higgins et al., 2015; Stubbs et al., 2013). Due to their high public profile, they are concerned about their corporate image, not that they concern about their non-financial stakeholders, because their non-financial stakeholders can potentially influence an organisation's financial success, or financial performance (Higgins et al., 2018).

This aligns with the notion of institutional theory, particularly through coercive and normative pressures, where an organisation is forced to adopt rules and structures that are deemed legitimately acceptable in the social contexts in which they operate (DiMaggio & Powell, 1983; Deephouse, 1996), and in return, organisations are rewarded with increased legitimacy, resources and, most importantly, survival capabilities (Scott 1987; Meyer & Rowan, 1977; DiMaggio & Powell, 1990; Suchman, 1995). As illustrated by one of the reporting organisations: the value of an organisation "*goes much wider than the financials*" **(A1)** and, therefore, organisations are expected to operate in respectable ways that benefit wider stakeholders, whether they are external or internal stakeholders. Overall, the findings suggest that an organisation undertakes sustainability reporting because of strategic legitimacy reasons in order to gain and maintain their legitimacy (Higgins et al., 2015). Non-reporting organisations may not have been subjected to the same pressure to report, and this is attributed by the lack of non-financial stakeholder pressure to voluntarily engage in sustainability reporting (Bebbington et al., 2009; Stubbs et al., 2013; Higgins et al., 2018).

6.3.2 What are managers' perceptions and attitudes toward the changes to the new NZX code in the short, medium and long term and how might this change their practices?

The majority of the organisations generally agreed that the NZX's recommendation for ESG reporting would further induce the uptake of sustainability reporting among New Zealand's listed organisations, and consequently, improve the overall transparency, disclosure and consistency of sustainability reporting produced by New Zealand's listed organisations. However, some interviewed organisations believed the recommendation could have been stricter in a sense that the NZX's recommendation for ESG reporting should have been mandated. Nonetheless, as mentioned by the interviewed organisations, the NZX's Recommendation for ESG reporting was a reasonable first-step taken by the NZX to further accelerate sustainability reporting in New Zealand.

As is evident, an organisation with a strong internal corporate sustainability strategy allows the organisation to have a clearer outlook of its short-, medium- and long-term organisational goal (Adams, 2002). This arises from the belief that an organisation with a strong internal corporate sustainability strategy affords an organisation the opportunity to plan-for and mitigate risks associated with uncertainties in respect to its operational activities (Stephenson, 2009). Given the interviewed organisations are well-established organisations within their respective industry and have high public visibility, many of these organisations have already positioned themselves in a way that is deemed socially and environmentally responsible in the eyes of a wider spectrum of stakeholders, via incorporating the value of sustainability as part of the way they do business (Stubbs et al., 2013). Such organisations' responses could be summarised as 'no major changes', apart from extending the scope of their current reporting. Again, this fits well with legitimacy theory, where sustainability reporting serves instrumentally for the sole purpose of financial success of the organisation or as symbolic reporting that forms part of an organisation's overall business strategy that gains, maintains and repairs their legitimacy (Dillard et al., 2004; Higgins et al., 2015; Higgins et al., 2018; O'Donovan, 2002; Tilling & Tilt, 2010).

6.3.3 What is the likelihood the proposed updates (revisions) to the NZX code further induce the uptake of sustainability reporting among New Zealand's listed organisations?

The aim of the NZX code is to recognise that "*one size doesn't fit all*" (**R1**), while attempting to gently raise an awareness around ESG issues, and potentially stimulate an overall uptake of sustainability reporting among New Zealand's listed organisations. Although, it is worth mentioning, in core, the provisions of the corporate governance code are meant to be applied flexibly (Seidl et al., 2013), suggesting that organisations should have some level of flexibility to adjust the principles of corporate governance that fit their current reporting practice in order to become more efficient, rather than having to comply with all the Code's provisions (Seidl et al., 2013). This means organisations are, therefore, given or provided with an option to justify why they deviate from the Code's provisions, and what (if any) other arrangements/measures have been adopted in lieu of the absence of ESG reporting (Seidl et al., 2013). As stated by the market regulator:

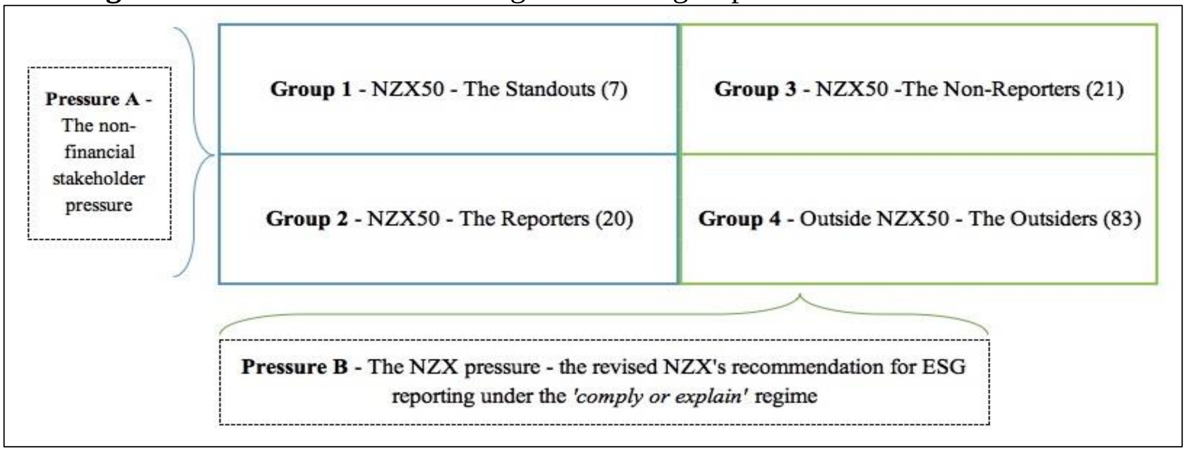
> " *Having that flexibility is important, because we need to understand that perhaps for some companies…they may not be ready to provide this type of disclosure…and probably they are the companies who ESG was kind of a foreign concept for them. And, so for them*

> *actually just getting a board comprised of suitably qualified individuals…while I'm sure they'd like to do it, it's probably a resource factor,…so we need to acknowledge that and understand that we don't want to impose regulation for regulation's sake."* (**R1**)

The *'comply or explain'* model may have its merits in influencing sustainability reporting among New Zealand's listed organisations and, according to the market regulator, "it's *actually a compelling form of regulation, because companies need to say they've chosen not to do it and explain that to their shareholders, and they find that quite difficult"* (**R1**). In similar vein, the extent to which the *'comply or explain'* offers good governance depends on the quality of the explanation. However it has been found that explanations for non-compliance are typically poor and uninformative (Shrives & Brennan, 2015). Thus, in this regard, the *'comply or explain'* model is seen as an ineffective enforcement mechanism because the "explain" option allows an organisation to explain why they deviate from the Code's provisions via dressing explanations for the absence of non-disclosure to be seen as an acceptable justification for non-compliance (Senn, 2018; Thanasas et al., 2018) while still retaining their legitimacy (Seidl et al., 2013).

Organisations, however, seem to have different strategic reasons for wanting to disclose, or undertake sustainability reporting altogether. These range from pure philanthropy (actions taken for a better world and society without any payback) to conform with institutional pressure from the society in which organisations operate, or obvious return benefits such as financial gains, competitive benefits, and enhancing organisational reputation (Galant & Cadez, 2017; Higgins et al., 2015). Figure 3 divides New Zealand's listed organisations into four distinct organisational groups that reflect their level of non-financial disclosures: Group 1 - the standouts; Group 2 - the reporters; Group 3 - the non-reporters; and Group 4 - the outsiders. Group 1, the standouts, includes New Zealand's seven best sustainability reporters (see section 4.2.3). Group 2, the reporters, the remaining reporting organisations inside the NZX50 after New Zealand's seven best reporters. Group 3, the non-reporters, are the non-reporting organisations inside the NZX50. And, Group 4, the outsiders, the rest of the listed organisations outside the NZX50. By partitioning the aggregated New Zealand's listed organisations into sub-groups, this permits the rationales behind *'for and against'* engagement in sustainability-related reporting practices among these New Zealand's listed organisations to be individually assessed, and speculates for how and to what extent the NZX's Recommendation on ESG reporting requirements may affect each organisational group.

Figure 3: The 'FOUR' distinct organisational groups



As previously discussed, organisations within groups 1 and 2 are highly visible, and they are typically under enormous non-financial stakeholder pressure (pressure A) to be seen as environmentally and socially responsible in the society in which they operate (Hackston & Milne, 1996; Higgins et al., 2015; Higgins et al., 2018). More specifically, the majority of these organisations do not in fact require the "*hard evidence*" (**I2**) that demonstrates a positive relationship between the non-financial disclosures and the financial performance. The reason is that sustainability reporting for them is seen as a way to meet their social and ethical responsibilities (Higgins et al., 2018), which characteristically is disguised as a strategic tool that gains and maintains their legitimacy (DiMaggio & Powell, 1983; Oliver, 1991). This view is supported by the quantitative findings, where the quantity of non-financial disclosures among New Zealand's listed organisations, particularly the NZX50, are primarily driven by firm size, whereas smaller listed organisations do not typically report. Given that there is a size effect found, it is possible to speculate and argue that many of these large listed organisations are motivated to become a reporter because of their high public visibility. In particular, large and highly visible organisations are more likely to be scrutinised by their non-financial stakeholders and, therefore, they are concerned, not that they genuinely care about their stakeholders, but their financial stakeholders can potentially influence the financial success of their organisation as well as its license to operate may be at stake (O'Donovan, 2002; Dillard et al., 2004). And, as suggested by the sustainability reporting literature, one way for these organisations to demonstrate their accountability and transparency is to voluntarily engage in sustainability reporting (Buhr, 2010). Hence, for organisations within these organisational groups, sustainability reporting has instrumentally become part of an organisation's defensive strategy, which purposely targets their non-financial stakeholders and, most importantly, ensures the continued financial success of their organisation.

In contrast, organisations within groups 3 and 4 may not experience and/or have felt the same kind of non-financial stakeholder pressure to voluntarily engage in sustainability reporting. And, this raises a question: given these organisations have not made the effort by themselves to voluntarily engage in sustainability reporting in the past, how will the NZX code (pressure B) produce pressure for them to undertake the reporting? Or to put into simple terms, what is the chance that an additional pressure provided by the NZX code will motivate these organisations to become a reporter? Similar to the previously presented argument, the answer to this question can be explained by borrowing the lens from the notion of public visibility (Higgins et al., 2015), highlighting the presence of non-financial stakeholder pressure of these organisational groups has not really been high enough to motivate reporting. Considering the fact that the quantity of non-financial disclosures among New Zealand's listed organisations, particularly the NZX50, are primarily driven by firm size, the 'no resources' arguments suddenly become viable in explaining an organisation's sustainability disclosure behaviour and may inevitably apply to these organisations. In particular, due to resource constraints, the resource implications of producing "*extra reporting*" (**I2**) (such as, implementing sustainability management systems to keep track of such information or recruiting qualified sustainability personnel) are considerably higher than utilising an "explain" option, or simply writing a couple of sentences to explain why they deviate from the Code's provisions, rather than complying with it; while another argument lies on the assumption that they are not under the non-financial stakeholder pressure to voluntarily engage in sustainability reporting (Stubbs et al., 2013).

Hess (2007, 2008) has also raised his concern in relation to voluntary disclosures, suggesting that voluntary disclosures alone are not adequate in achieving sustainability reporting because the reporting would be driven by strategic reasoning, rather than accountability. More specifically, if the power to execute sustainability reporting is rested upon an organisation's board, an insufficiency of self-governance by organisations would lead to a lack of transparency, disclosure and comparability of sustainability reports (Dubbink et al., 2008). What is apparent is that many of these interviewed organisations are well-established within their respective industries, and are decent sustainability reporters. Without question, many of these reporting organisations will continue to undertake sustainability reporting because failure to be perceived as transparent will have a detrimental effect to their organisation's reputation (Gower, 2006). However, a question on how the revised NZX code will improve the extensiveness of their sustainability information is less likely. One respondent from the energy organisation, for example, went on to say:

> "*GRI is a really good framework, but again, it focuses on the material issues… the stuff that really matters to your organisation, that's going to make a difference…there won't be hundreds of [the GRI's performance indicators], they'll be a few that are really key*" (**E2**)

In line with the earlier findings, this understanding has likewise extended to the non-reporter (**I2**), however, without demonstrating quantified benefits received from that "*extra reporting*" (**I2**), it is almost less likely that non-reporting organisations will evocatively engage in sustainability reporting, let alone put in place the structural and cultural changes that facilitate the reporting (Stubbs et al., 2013). This is due to the fact that the benefits associated with preparing sustainability information may not outweigh the costs from that extra reporting, especially the use of GRI framework (Gallego, 2006; Milne & Gray, 2013).

Furthermore, the corporate governance literature (Seidl et al., 2013; Thanasas et al., 2018; MacNeil & Li, 2006) points out a positive correlation between the number of deviations and size; where smaller organisations are more likely to explain why they deviate from the Code's provisions more often than larger organisations. Whether the *'comply or explain'* regime will be effective remains to be seen. However, based on current research findings, this study anticipates that only a minority of high-profile non-reporting organisations within Group 3 (such as, Comvita Limited, the A2 Milk Company Limited, Delegat Group Limited, Synlait Milk Limited, Freightways Limited, and Hallenstein Glasson Holdings Limited) will voluntarily undertake sustainability reporting, while the remaining organisations will more likely utilise an "explain" option to remain as non-reporters. To some degree, these non-reporting organisations' domestic and international presence are reasonably high and, therefore, they may find it necessary to report specific performance indicators (such as, social and product responsibility indicators) or undertake sustainability reporting altogether in order to be perceived as legitimate (Roca & Searcy, 2012). Although, it is worth mentioning, a negative relationship of the overseas (multiple) stock exchange listings and the amount of non-financial information disclosures was found, it is possible to speculate that the rationale behind for why these non-reporting organisations may engage in sustainability reporting in New Zealand is explained, or can be explained purely by strategic legitimacy reasons (Higgins et al., 2015).

Since the New Zealand business environment is highly predominated by SMEs (Collins et al., 2007; Collins et al., 2010), this study also speculates that listed organisations in Group 4 will more likely than not use an "explain" option to explain why they deviate from the Code's provisions, rather than complying with it (Seidl et al., 2013; Senn, 2018; Shrive & Brennan, 2015; Thanasas et al., 2018). Perhaps not surprisingly, legitimacy is something relevant to only the very largest and highly visible organisations (Higgins et al., 2018), and this seems to be one of the many justifications for why SMEs do not undertake sustainability reporting. And, even if they have the will to adopt this type of reporting, due to resource constraints, the majority of SMEs may not have the capacity to do so. As such, organisations within these groups may be excused from voluntarily engaging in sustainability reporting, and above all, “fly under the radar” (Stubbs et al., 2013, p.462). Overall, the revised NZX code (especially the Recommendation 4.3 on ESG reporting) will perhaps not have a significant impact on the overall uptake of sustainability reporting among New Zealand’s listed organisations, let alone improving the quality of their sustainability information (and it is anticipated the quality of sustainability information will remain relatively unchanged until the recommendation of ESG reporting becomes at least regulated).

6.4 Summary and Conclusions

This chapter discussed how and to what extent the revised NZX Code may or may not induce New Zealand's listed organisations to undertake sustainability reporting or further improve it. Based on the quantitative analysis, size is a significant determinant in influencing the extensiveness of sustainability-related information among New Zealand's listed organisations, and, size is most influential among high-profile industry organisations, and less so among low-profile industry organisations. This is explained by the notion of public visibility, suggesting that large and highly visible organisations' financial and sustainability information have larger economic consequences to the market (Jones et al., 2007) and, therefore, they are being pressured by their influential non-financial stakeholders, via disclosure of sustainability-related information, to become socially and environmentally responsible for its own activities (Dillard et al., 2004). Whereas smaller organisations do not stereotypically subject the same pressure to undertake this type of reporting (Stubbs et al., 2013; Higgins et al., 2018).

Whereas, based on qualitative analysis, the rationale behind why organisations engage in sustainability reporting in New Zealand predominately is driven by strategic legitimacy reasons. What is apparent is that larger listed organisations are more likely to use sustainability reporting as symbolic reporting to form part of their organisation's business strategy that gains, maintains and repairs their legitimacy. Considering the fact that the NZX's recommendation was enacted under the *'comply or explain'* regime, it is anticipated that the NZX's recommendation for ESG reporting will exert weak pressure on an overall uptake of sustainability reporting among New Zealand's listed organisations. Since the New Zealand business environment is largely predominated by SMEs, without demonstrate a tangible benefit associated with sustainability reporting, they are not expected to voluntarily engage in the reporting, let alone put in place the structural and cultural changes that facilitate the reporting (Stubbs et al., 2013). This justification is simply explained by the benefits associated with preparing sustainability-related information not outweighing the costs for that *"extra reporting"* (**I2**).

Finally, according to the market regulator, the objective of the NZX code is to recognise that "*one size doesn't fit all*" (**R1**), while attempting to gently raise an awareness around ESG issues, and potentially stimulate an overall uptake of sustainability reporting among New Zealand's listed organisations. Given the NZX's recommendation for ESG reporting was enacted on a '*comply and explain'* regime, it is anticipated only a small group of large and highly visible non-reporting organisations within Group 3 (see Figure 3) will voluntarily engage sustainability reporting. Whereas, listed organisations in Group 4 will more likely than not to use an "explain" option to justify why they deviate from the Code's provisions, rather than complying it. This argument is grounded on the idea that *'comply or explain'* model being a weak enforcement mechanism that allows the explanations for the absence of non-compliance to be seen as an acceptable justification via imitating explanations provided by larger organisations. Overall, this study speculates that the revised NZX code (especially the Recommendation 4.3 on ESG reporting) will perhaps not have a significant impact to the overall uptake of sustainability reporting among New Zealand's listed organisations.

Chapter Seven

Conclusions

7.1 Overview

This chapter presents conclusions to this thesis, which are structured according to the research questions. This is followed by recommendations, directions for future research, a concluding statement, and limitations.

7.2 Conclusions

RQ1: *What is the current quantity and quality of non-financial disclosure among the largest 50 New Zealand listed organisations?*

The results obtained shows that the quality of sustainability-related information produced by the NZX50 is inadequate, and particularly, the analysis shows that organisations typically do well in areas that require basic quantitative and qualitative disclosures, and tend to do poorly in areas where more specific quantitative disclosures are required. Given the quality and, especially, the completeness of the majority of New Zealand's listed organisations are not that great, it is evident that the more salient the stakeholder to an organisation (Mitchell et al., 1997), the greater the effort management of the organisation to meet the expectations and demands of those stakeholders (Deegan, 2009). If different organisations have different priorities for different stakeholders, it is virtually easy to assume that, in the absence of mandatory sustainability reporting requirements, organisations could be coerced to adopt reporting practices that achieve specific desired outcomes such as undertaking sustainability reporting that meets the "expectations and demands of its powerful stakeholder (while possibly ignoring the expectations of less powerful stakeholders) " (Deegan, 2009, p. 360). Hence, sustainability reporting practices among the New Zealand's listed organisations provide might as well be viewed as part of the organisation's overall strategy that gains, maintains and repairs their legitimacy (Dillard et al., 2004; Higgins et al., 2015; Higgins et al., 2018; O'Donovan, 2002; Tilling & Tilt, 2010), rather than accountability (Arvidsson, 2010).

RQ2: *What is the likely effect of the revised disclosure requirements in the NZX Code to further induce the uptake the sustainability reporting among New Zealand's listed organisations. And what effect will it have on the quality of sustainability information among the largest 50 New Zealand listed organisations?*

The rationale behind the NZX's decision to integrate ESG reporting within the revised NZX Code could be summarised as '*helping listed organisations realise the value of sustainability reporting*' and he further stated that the NZX's recommendation for ESG reporting will have "*a good effect*" (**R1**) on the overall uptake of sustainability reporting among New Zealand's listed organisations. However, this study argues, due to the nature of the *'comply or explain'* basis, it is anticipated that the NZX's recommendation for ESG reporting will perhaps not have a significant impact to an overall uptake of sustainability reporting in New Zealand, let alone the quality of sustainability information. Although, the market regulator suggests otherwise, and argues that " *[the 'comply or explain' regime] is actually a compelling form of regulation, because companies need to say they've chosen not to do it and explain that to their shareholders, and they find that quite difficult."* (**R1)**.

In contradiction to the market regulator's point of view, this study argues that the *'comply or explain'* regime is a weak enforcement mechanism. The argument is situated the belief that the *'comply or explain'* regime affords an organisation the opportunity to utilise an "explain" option to justify why they deviate from the Code's provisions while still retaining their legitimacy (Seidl et al., 2013), via dressing their explanations for the absence of non-disclosure to be seen as an acceptable justification for non-compliance (Senn, 2018). Even if non-reporting organisations decide to comply with the NZX's Recommendation for ESG reporting, it is anticipated that the rationale for why the organisations' decisions to undertake the reporting will be driven purely by strategic legitimacy motives or decoupling, rather than accountability for "the broad stakeholder views in New Zealand's capital markets" (NZX, 2017c, p.1). Hence, the quality and completeness of sustainability-related information produced by these organisations will not be that great.

As is evident, the corporate governance literature (Seidl et al., 2013; MacNeil & Li, 2006; Thanasas et al., 2018) suggests a positive correlation between the number of deviations and size; where smaller organisations are much more profound to explain why they deviate from the Code's provision more often as opposed to larger organisations. Since the New Zealand business environment is highly predominated by SMEs (Collins et al., 2007; Collins et al., 2010), it is anticipated that non-reporting organisation will more than likely than not make use of an "explain" option to explain why they deviate from the Code's provision, rather than complying with it. More specifically, in due course, the researcher speculates non-reporting organisations, especially SMEs, will more likely to imitate or mimic the statements of compliance provided by larger listed organisations, especially from the NZX50 or the ASX100, as a strategic response in order to gain and maintain their legitimacy (DiMaggio & Powell, 1983; Oliver, 1991; Senn, 2018; Thanasas et al., 2018).

RQ3: *What are managers' perceptions and attitudes toward the changes to the new NZX code in the short, medium and long term and how might this change their disclosure practices?*

As discussed, an organisation with a strong internal corporate sustainability strategy allows the organisation to have a clearer outlook of its short-, medium- and long-term organisational goal. This originates from the belief that an organisation with a strong internal corporate sustainability strategy affords the organisation to plan-for and mitigate risks associated with uncertainties in respect to their operational activities (Stephenson, 2009). Given the majority of the interviewed organisations have already positioned themselves in a way that is deemed socially and environmentally responsible in the eyes of a wider spectrum of stakeholders, via incorporating the value of sustainability as part of the way they do business (Stubbs et al., 2013), the interviewed organisations' responses could be summarised as '*no major changes'*, apart from extending the scope of their current reporting. As is shown, this fits well with the legitimacy theory, where sustainability reporting is viewed as a propaganda or symbolic reporting that forms part of an organisation's overall strategy that gains, maintains and repairs their legitimacy (Dillard et al., 2004; Higgins et al., 2015; Higgins et al., 2018; O'Donovan, 2002; Tilling & Tilt, 2010), rather than accountability (Arvidsson, 2010).

7.3 Recommendations

While the NZX's recommendation for ESG reporting may be enacted as a *'comply or explain'* basis, listed organisations should not turn a blind eye and forgo sustainability reporting for the sake of costs associated with the reporting. This view can be justified by the fact that transparency is highly valued in a corporate governance sense and therefore, a good corporate governance affords the foundations of good sustainability reporting practices in which creates value-enhancing relationships with all stakeholders (Welford, 2007), and is a pivotal element in promoting excellence in the reporting (Shahin & Zairi, 2007). For this reason, the researcher would recommend listed organisations who are thinking about initiating sustainability reporting as part of the compliance programme with the revised NZX Code to report because failure to be perceived as transparent will have a detrimental effect to an organisation's financial success (Gower, 2006), and the current findings have valued the importance of sustainability reporting at the organisational level quite highly.

Although the listed organisations are responsive to regulatory demands, the researcher believes that the effectiveness of a *'comply or explain'* regime is somewhat debatable. In the context of the corporate governance, the extent to which the *'comply or explain'* offers good governance depends on the quality of the explanation, however it has been found that explanations for non-compliance are typically poor and uninformative (Shrives & Brennan, 2015). The reason is that the *'comply or explain'* model is an ineffective enforcement mechanism in which the "explain" option affords an organisation the legal loophole to explain why they deviate from the Code's provisions while still retaining their legitimacy (Seidl et al., 2013) while being seen as an acceptable justification for non-compliance (Senn, 2018). Hess (2007, 2008) further points out that voluntary disclosures alone are not adequate in achieving sustainability reporting, and if the power to execute sustainability reporting is rested upon an organisation's board, an insufficiency of self-governance by organisations would lead to lack of transparency, disclosure and comparability of sustainability reports (Dubbink et al., 2008). To address this concern, in the near future, the researcher would recommend to the market regulator to have the recommendation of ESG reporting regulated as the net effect of sustainability reporting is proven to be "value-enhancing than value-destroying" (Ioannou & Serafeim, 2017, p. 6).

7.4 Directions for Future Research

The findings of this thesis raise a number of potential avenues for future research. Firstly, partially replicating this research in the near future would be fruitful in understanding the actual impact of the revised NZX Code regarding sustainability reporting induces the uptake of sustainability reporting and, additionally, the quality of the reporting in New Zealand. More specifically, this would allow a better understanding of the effectiveness of the '*comply and explain*' approach, which could provide a valuable input to a future policy-making process. Furthermore, this avenue of research would offer the opportunity to compare and contrast current research findings.

Second, extending the research scope to include the perspectives of listed organisations that are situated outside the NZX50 would offer a fuller picture understanding of how the revised NZX Code may impact their organisation's sustainability reporting. If any, what might have constituted their organisation to be '*for or against'* the sustainability reporting practice. On top of the first avenue of future research, this would offer a more in-depth qualitative analysis of the factors influencing organisations to avoid making ESG reporting and if any, under the *'comply or explain'* regime, how the revised NZX Code influences the disclosure strategies of organisations. This can be explored through an in-depth thematic qualitative content analysis of compliance statements issued by listed organisations in lieu of the absence of ESG reporting, and based on the patterns emerged from this content analysis, this can be followed-up with a qualitative semi-structure interview to further investigate what constitutes these organisations to deviate from the Code's provisions and not undertake sustainability reporting altogether.

Lastly, this study failed to fully capture the quality of sustainability reports produced sampled organisations' sustainability reports. In terms of this perspective, this study did not analyse the quality of the sampled companies' sustainability reports against all G4 items as this study only looked at the key performance indicators, while ignoring the general disclosure guidance like the CEO statement, corporate profile, governance structure of a reporting company and stakeholder engagement. Correspondingly, the results might not be able to fully represent each of the sampled organisations' reporting quality. Hence, future studies should incorporate all the GRI G4 items to analyse the quality of reporting. On top of what have already been mentioned, to achieve this, a future research scholar should develop a rigid coding instrument that would allow the score to be assigned against the GRI general disclosure guidance. This would provide an opportunity for the researcher to fully examine the transparency of an organisation's corporate governance practice. Of significance, organisations who receive higher scores would expect to have disclosed more non-financial information and therefore, this would demonstrate the difference in the quality of reporting.

7.5 Concluding Statement

As constantly mentioned throughout this thesis, transparency is seen as an essential constituent that organisations must cherish in today's business environment. And, one way that organisations can become transparent is to disclose sustainability information because disclosure is a powerful tool that will allow the organisations to subconsciously alter the general perceptions of their stakeholders. While the revised NZX Code for ESG reporting may be enacted under the *'comply or explain'* regime, organisations should not be encouraged to explain for the absence of ESG reporting, rather the organisations should consider sustainability reporting as part of an organisation's long-term investment or a strategic tool that affords the organisation the opportunity to meet the expectations of their existing and potential stakeholders. Given that transparency is highly valued in a corporate governance and, therefore, failure to be perceived as transparent will place an organisation in an unfavourable position that would have detrimental effect to the organisation's reputation and their licence to operate.

7.6 Limitations

Like all environmental accounting studies, this research has also exposed to limitations. Subjectivity is a significant concern and it regards to be one the major limitations in qualitative accounting research. According to Bryman & Bell (2011), qualitative researchers sometimes criticise qualitative research as being too impressionistic and subjective. Determining the extent to which disclosure requirements of each performance indicator is covered by sampled organisations' sustainability reports relies on the researcher's judgement about what is significant and important. Overall, this can detract from the reliability of the research findings. To ensure that reliability of this research's data is not jeopardised by a researcher's subjectivity, an independent coder has been recruited by the researcher for this study to independently code six sampled organisations' publicly available information measured against the GRI G4 guidelines. Given the high levels of inter-coder reliability achieved, the content analysis was then performed solely by the researcher.

The sample selection process used in this study is likewise regarded as one of the limitations. According to past literature by Cowen et al. (1987), they asserted large multinational organisations are often under greater scrutiny from the general public and have more resources to report on sustainability-related disclosures in comparison to smaller ones. With reference to previous literature, this study mainly focuses on large multinationals, such as the 'TOP 50' listed organisations in the New Zealand stock exchange, as ranked by their market capitalisation. Given the lack of variation in the sample selection process, this fundamentally disregards the point of view of small- to medium-sized organisations, and consequently, the observed relationship may not hold for other types of organisations, such as SMEs, and it may be one of the main reasons why generalisations could not be drawn (Bryman & Bell, 2011). Nevertheless, every research will always be exposed to some sort of limitations, and these are inevitable.

As discussed, the use of content analysis exposes several limitations (Gray et al., 1995; Milne & Adler, 1999; Galant & Cadez, 2017). The first major weakness is the use of content analysis captures quantity of disclosure rather than quality of disclosure. To overcome the aforementioned problem, this research uses the quality index based on past literature by Clarkson et al. (2008) because the study has asserted that it is possible to distinguish quality of reporting by looking at a ratio of hard to soft disclosure items by sample organisations' sustainability reports. Hence, it becomes possible to distinguish quality of disclosure as opposed to quantity.

Milne & Adler (1999) point out the second major weakness. They suggested that in order for valid research findings to be drawn from the content analysis, the research must have reliable data as well as the coding instrument that allows capturing the content of sampled organisations' CSR reports. In order to overcome this hindrance imposed on this concern, this research uses the GRI guidelines in constructing the quality index because they are internationally accepted guidelines and used by many multinationals, as well as by many researchers in this field of study (Adams, 2004; Gallego, 2006; Gamerschlag, Möller, & Verbeeten, 2011; Roca & Searcy, 2012; Skouloudis & Evangelinos, 2009). According to latest, figures show 75% of the G250 and 63% of the N100 have applied the GRI framework as part of their sustainability reporting practices (KPMG, 2017). Thus, the use of GRI guidelines is appropriate in this study, especially when assessing the quality of sampled organisations' sustainability reports.

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Appendices

Appendix 1: Core GRI G4 Performance Indicators

Economic Performance Indicators

Disclosure	Hard Disclosure Item	Soft Disclosure Item
Economic Performance Indicators		
Economic Performance		
G4-EC1 - Direct Economic Value generated	√	
G4-EC2 - Financial implications of climate change	√	
G4-EC3 - Coverage of pension obligations	√	
G4-EC4 - Financial assistance received from government	√	
Market Presence		
G4-EC5 - Ratio of entry level to minimum wages	√	
G4-EC6 - Local hiring of senior management positions	√	
Indirect Economic Impacts		
G4-EC7 - Infrastructure development		√
G4-EC8 - Indirect economic impacts		√
Procurement Practices		
G4-EC9 - Payments to locally-based suppliers	√	
Number of Disclosure Items	7	2

Society Performance Indicators

Society Performance Indicators - Labour Practice

Disclosure	Hard Disclosure Items	Soft Disclosure Items
Social Performance Indicators		
Labour Practice Performance Indicators		
Employment		
G4-LA1 - Workforce statistics	√	
G4-LA2 - Benefits proved to full-time employee		√
G4-LA3 - Return to work and retention rate after parental leave	√	
Labor/Management Relations		
G4-LA4 - Minimum notice periods regarding operational changes		√
Occupational Health and Safety		
G4-LA5 - Employees covered by collective bargaining agreements / trade union representation, and coverage of total workforce in health and safety committees	√	
G4-LA6 - Injuries, absentee rates and work-related fatalities	√	
G4-LA7 - Workers with high incidence or high-risk of diseases related to their occupation		√
G4-LA8 - Trade unions and safety and health		√
Training and Education		

G4-LA9 - Training hours by employee category	✓	
G4-LA10 - Programs for skills management and lifelong learning that support the employability of employees and assist them in managing career endings		✓
G4-LA11 - % employee receiving regular performance and career development reviews, by gender and by employee category	✓	
Diversity and Equal Opportunity		
G4-LA12 - Composition of senior management and breakdown of employees (age/gender/ethnicity)	✓	
Equal remuneration for Women and Men		
G4-LA13 - Ratio of basic salary of men to women by employee category	✓	
Supplier Assessment for Labor Practices		
G4-LA14 - % of new suppliers that were screened using Labor practices criteria	✓	
G4-LA15 - Negative Labor practices in the supply chain and actions taken	✓	
Labor Practices Grievance Mechanisms		
G4-LA16 - Number of grievances about Labor practices filed, addressed, and resolved through formal grievance mechanisms.	✓	
Number of Disclosure Items	11	5

Society Performance Indicators - Human Rights

Disclosure	Hard Disclosure Items	Soft Disclosure Items
Human Rights Performance Indicators		
Investment		
G4-HR1 - Human rights and investment agreement	✓	
G4-HR2 - Employee training concerning aspects of human rights		✓
Non-discrimination		
G4-HR3 - Incidents of discrimination and actions taken	✓	
Freedom of Association and Collective Bargaining		
G4-HR4 - freedom of association	✓	
Child Labor		
G4-HR5 - Child labour	✓	
Forced and Compulsory Labor		
G4-HR6 - Forced labour	✓	
Security Practices		
G4-HR7 - Security personnel and human rights training		✓
Indigenous Rights		
G4-HR8 - Total number of incidents of violating involving rights of indigenous people and actions taken	✓	
Assessment		

G4-HR9 - % and total number of operations that have been subject to human rights reviews	√	
Supplier Human Rights Assessment		
G4-HR10 - % of new suppliers that were screened using human rights criteria	√	
G4-HR11 - Negative human rights in the supply chain and actions taken	√	
Human Rights Grievance mechanisms		
G4-HR12 - Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	√	
Number of Disclosure Items	10	2

Society Performance Indicators - Local Communities

Disclosure	Hard Disclosure Items	Soft Disclosure Items
Society Performance Indicators		
Local Communities		
G4-SO1 - Community engagement, impact assessment development programs and practices	√	
G4-SO2 - Operations and associated communities with significant potential or actual negative impacts		√
Anti-corruption		
G4-SO3 - Corruption analysis - proportion of business nits analysed for risks of corruption	√	
G4-SO4 - Anti-corruption training	√	
G4-SO5 - Confirmed incidents of corruption, and actions taken	√	
Public Policy		
G4-SO6 - Contribution to political parties	√	
Anti-Competitive Behaviour		
G4-SO7 - Legal actions for anti-competitive behaviour	√	
Compliance		
G4-SO8 - Significant fines for non-compliance with laws and regulations	√	
Supplier Assessment for Impacts on Society		
G4-SO9 - % of new suppliers were screened using criteria for impacts on society	√	
G4-SO10 - Negative impacts on society in the supply chain and actions taken	√	
Grievance Mechanisms for Impacts on Society		
G4-SO11 - Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.		√
Number of Disclosure Items	9	2

Society Performance Indicators - Product Responsibility

Disclosure	Hard Disclosure Items	Soft Disclosure Items
Product Responsibility Performance Indicators		
Customer Health and Safety		
G4-PR1 - % of significant product and service, which health and safety impacts are assessed	√	
G4-PR2 - Non - compliance with product safety regulations	√	
Product and Service Labeling		
G4-PR3 - Principles and measures related to product labelling		√
G4-PR4 - Non-compliance regarding product labelling	√	
G4-PR5 - Customer satisfaction		√
Marketing Communications		
G4-PR6 - Sale of banned or disputed products	√	
G4-PR7 - Non-compliance regarding marketing communications	√	
Customer Privacy		
G4-PR8 - Customer privacy	√	
Compliance		
G4-PR9 - Monetary value of fines for non-compliance with laws and regulations concerning use of products and services	√	
Number of Disclosure Items	7	2

Environmental Performance Indicators

Disclosure	Hard Disclosure Items	Soft Disclosure Items
Environmental Performance Indicators		
Materials		
G4-EN1 - Materials used	√	
G4-EN2 - % of used that are recycled inputs materials	√	
Energy		
G4-EN3 - direct energy consumption	√	
G4-EN4 - Indirect energy consumption	√	
G4-EN5 - Energy intensity	√	
G4-EN6 - Conservation of energy efficiency	√	
G4-EN7 - Reduction in energy requirements of P&Ss	√	
Water		
G4-EN8 - Water use	√	
G4-EN9 - Water source affected by withdrawal of water	√	
G4-EN10 - % water conversion, reuse and recycle	√	
Biodiversity		
G4-EN11 - land use in protected areas	√	
G4-EN12 - Areas significantly impacted by biodiversity		√
G4-EN13 - Protection and restoration of habitats		√
G4-EN14 - IUCN red listed species		√
Emissions		

G4-EN15 - Managing impacts of biodiversity	✓	
G4-EN16 - Direct GHG emissions (Scope 1)	✓	
G4-EN17 - Indirect GHG emissions (Scope 2)	✓	
G4-EN18 - Other indirect GHG emissions (Scope 3)	✓	
G4-EN19 - GHG emission reduction initiatives	✓	
G4-EN20 - Ozone-depleting substances by weight	✓	
G4-EN21 - NOx, SOx and other airborne emissions by weight	✓	
Effluents and Waste		
G4-EN22 - Water discharge	✓	
G4-EN23 - Non-processing waste disposal	✓	
G4-EN24 - Total number of environmental spills from waste discharges	✓	
G4-EN25 - Total weight of transported waste	✓	
G4-EN26 - Significant environment impacts of water sources by waste discharges and spills	✓	
Products and Services		
G4-EN27 - Initiatives at mitigate environmental impacts of P&Ss	✓	
G4-EN28 - % of recycled products and their packing materials	✓	
Compliance		
G4-EN29 - Fines for environmental non-compliance	✓	
Transport		
G4-EN30 - Significant environmental impacts from transportation	✓	
Overall		
G4-EN31 - Environmental protection expenditures and investments or environmental protection expenditures	✓	
Supplier Environment Assessment		
G4-EN32 - New suppliers that were screened using environmental criteria	✓	
G4-EN33 - Negative environmental impacts in the supply chain and actions taken	✓	
Supplier Environment Mechanisms		
G4-EN34 - Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	✓	
Number of Disclosure Items	31	3

Appendix 2: Venn Diagrams

2.1 A Venn diagram of Rigorous Measure

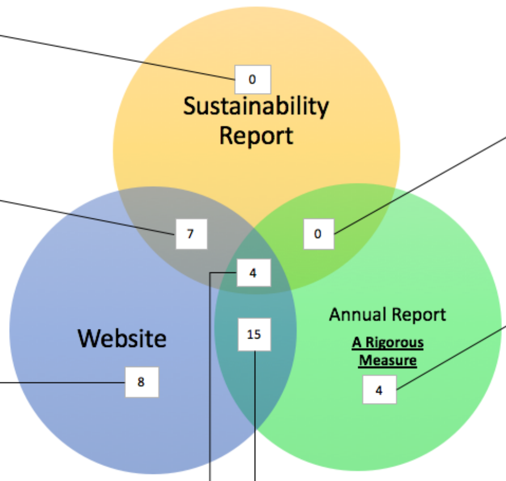
Reporting Organisations

Companies

Companies		
TOP 50	4	AIR NEW ZEALAND LIMITED
TOP 50	18	SKY CITY ENTERTAINMENT GROUP LIMITED
TOP 50	21	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
TOP 50	32	AUCKLAND INTERNATIONAL AIRPORT LIMITED
TOP 50	35	KATHMANDU HOLDINGS LIMITED
TOP 50	50	KIWI PROPERTY GROUP LIMITED
TOP 100 UNDER 50	71	NEW ZEALAND OIL & GAS LIMITED

Companies		
TOP 50	25	TEGEL GROUP HOLDINGS LIMITED
TOP 100 UNDER 50	55	SMITHS CITY GROUP LIMITED
TOP 100 UNDER 50	62	GOODMAN PROPERTY TRUST
TOP 100 UNDER 50	66	NEW ZEALAND KING SALMON INVESTMENTS LIMITED
TOP 100 UNDER 50	72	SCOTT TECHNOLOGY LIMITED
TOP 100 UNDER 50	77	TRILOGY INTERNATIONAL LIMITED
TOP 100 UNDER 50	82	VITAL HEALTHCARE PROPERTY TRUST
BOTTOM 100	105	JUST WATER INTERNATIONAL LIMITED

Companies		
TOP 50	2	FLETCHER BUILDING LIMITED
TOP 50	5	SPARK NEW ZEALAND LIMITED
TOP 50	33	SANFORD LIMITED
TOP 50	37	RESTAURANT BRANDS NEW ZEALAND LIMITED

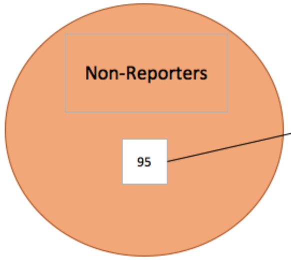


Companies

Companies		
TOP 50	28	NZME LIMITED
TOP 50	38	SCALES CORPORATION LIMITED
TOP 100 UNDER 50	68	EVOLVE EDUCATION GROUP LIMITED
TOP 100 UNDER 50	70	ARGOSY PROPERTY LIMITED

Companies		
TOP 50	1	FONTERRA CO-OPERATIVE GROUP LIMITED
TOP 50	6	WAREHOUSE GROUP LIMITED, THE
TOP 50	7	Z ENERGY LIMITED
TOP 50	8	MERIDIAN ENERGY LIMITED
TOP 50	9	MAINFREIGHT LIMITED
TOP 50	10	CONTACT ENERGY LIMITED
TOP 50	11	GENESIS ENERGY LIMITED
TOP 50	13	MERCURY NZ LIMITED
TOP 50	14	VECTOR LIMITED
TOP 50	16	TRUSTPOWER LIMITED
TOP 50	22	T&G GLOBAL LIMITED
TOP 50	30	OPUS INTERNATIONAL CONSULTANTS LIMITED
TOP 50	36	NEW ZEALAND REFINING CO LIMITED
TOP 50	46	PORT OF TAURANGA LIMITED
TOP 100 UNDER 50	90	BATHURST RESOURCES LIMITED

Non-Reporting Organisations



Companies								
TOP 50	3	EBOS GROUP LIMITED	TOP 100 UNDER 50	51	ABANO HEALTHCARE GROUP LIMITED	BOTTOM 100	101	BURGER FUEL WORLDWIDE LIMITED
TOP 50	12	INFRATIL LIMITED	TOP 100 UNDER 50	52	AWF MADISON GROUP LIMITED	BOTTOM 100	102	PUSHPAY HOLDINGS LIMITED
TOP 50	15	PGG WRIGHTSON LIMITED	TOP 100 UNDER 50	53	SKELLERUP HOLDINGS LIMITED	BOTTOM 100	103	SEALEGS CORPORATION LIMITED
TOP 50	17	CHORUS LIMITED	TOP 100 UNDER 50	54	ORION HEALTH GROUP LIMITED	BOTTOM 100	104	NPT LIMITED
TOP 50	19	SKY NETWORK TELEVISION LIMITED	TOP 100 UNDER 50	56	LIVESTOCK IMPROVEMENT CORPORATION LIMITED	BOTTOM 100	106	SOLUTION DYNAMICS LIMITED
TOP 50	20	COLONIAL MOTOR COMPANY LIMITED	TOP 100 UNDER 50	57	XERO LIMITED	BOTTOM 100	107	ALLIED FARMERS LIMITED
TOP 50	23	TENON LIMITED	TOP 100 UNDER 50	58	SEEKA LIMITED	BOTTOM 100	108	SERKO LIMITED
TOP 50	24	RUBICON LIMITED	TOP 100 UNDER 50	59	CAVALIER CORPORATION LIMITED	BOTTOM 100	109	COOKS GLOBAL FOODS LIMITED
TOP 50	26	BRISCOE GROUP LIMITED	TOP 100 UNDER 50	60	METRO PERFORMANCE GLASS LIMITED	BOTTOM 100	110	IKEGPS GROUP LIMITED
TOP 50	27	SYNLAIT MILK LIMITED	TOP 100 UNDER 50	61	MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED	BOTTOM 100	111	SNAKK MEDIA LIMITED
TOP 50	29	STEEL & TUBE HOLDINGS LIMITED	TOP 100 UNDER 50	63	AIRWORK HOLDINGS LIMITED	BOTTOM 100	112	ENERGY MAD LIMITED
TOP 50	31	FREIGHTWAYS LIMITED	TOP 100 UNDER 50	64	HEARTLAND BANK LIMITED	BOTTOM 100	113	MOA GROUP LIMITED
TOP 50	34	GREEN CROSS HEALTH LIMITED	TOP 100 UNDER 50	65	PRECINCT PROPERTIES NEW ZEALAND LIMITED	BOTTOM 100	114	NZ WINDFARMS LIMITED
TOP 50	39	THE A2 MILK COMPANY LIMITED	TOP 100 UNDER 50	67	TURNERS LIMITED	BOTTOM 100	115	ENPRISE GROUP LIMITED
TOP 50	40	TOWER LIMITED	TOP 100 UNDER 50	69	METHVEN LIMITED	BOTTOM 100	116	MYKCO LIMITED
TOP 50	41	CBL CORPORATION LIMITED	TOP 100 UNDER 50	73	RAKON LIMITED	BOTTOM 100	117	PLEXURE GROUP LIMITED
TOP 50	42	TOURISM HOLDINGS LIMITED	TOP 100 UNDER 50	74	METLIFECARE LIMITED	BOTTOM 100	118	PACIFIC EDGE LIMITED
TOP 50	43	RYMAN HEALTHCARE LIMITED	TOP 100 UNDER 50	75	VISTA GROUP INTERNATIONAL LIMITED	BOTTOM 100	119	SEADRAGON LIMITED
TOP 50	44	DELEGAT GROUP LIMITED	TOP 100 UNDER 50	76	SUMMERSET GROUP HOLDINGS LIMITED	BOTTOM 100	120	BLIS TECHNOLOGIES LIMITED
TOP 50	45	QUAYSIDE HOLDINGS LIMITED	TOP 100 UNDER 50	78	FLIWAY GROUP LIMITED	BOTTOM 100	121	OCEANIA NATURAL LIMITED
TOP 50	47	COMVITA LIMITED	TOP 100 UNDER 50	79	ARVIDA GROUP LIMITED	BOTTOM 100	122	GENEVA FINANCE LIMITED
TOP 50	48	HALLENSTEIN GLASSON HOLDINGS LIMITED	TOP 100 UNDER 50	80	INTUERI EDUCATION GROUP LIMITED	BOTTOM 100	123	AFC GROUP HOLDINGS LIMITED
TOP 50	49	TRADE ME GROUP LIMITED	TOP 100 UNDER 50	81	NZX LIMITED	BOTTOM 100	124	GEOOP LIMITED
			TOP 100 UNDER 50	83	STRIDE PROPERTY LIMITED AND STRIDE INVESTMENT MANAGEMENT LIMITED	BOTTOM 100	125	WINDFLOW TECHNOLOGY LIMITED
			TOP 100 UNDER 50	84	CDL INVESTMENTS NEW ZEALAND LIMITED	BOTTOM 100	126	CHOW GROUP LIMITED
			TOP 100 UNDER 50	85	PROPERTY FOR INDUSTRY LIMITED	BOTTOM 100	127	MARSDEN MARITIME HOLDINGS LIMITED
			TOP 100 UNDER 50	86	AFT PHARMACEUTICALS LIMITED	BOTTOM 100	128	PYNE GOULD CORPORATION LIMITED
			TOP 100 UNDER 50	87	VERITAS INVESTMENTS LIMITED	BOTTOM 100	129	TRUSCREEN LIMITED
			TOP 100 UNDER 50	88	TEAMTALK LIMITED	BOTTOM 100	130	LATERAL CORPORATION LIMITED
			TOP 100 UNDER 50	89	GENTRACK GROUP LIMITED	BOTTOM 100	131	PROMISIA INTEGRATIVE LIMITED
			TOP 100 UNDER 50	91	G3 GROUP LIMITED	BOTTOM 100	132	CSM GROUP LIMITED
			TOP 100 UNDER 50	92	SOUTH PORT NEW ZEALAND LIMITED	BOTTOM 100	133	TRS INVESTMENTS LIMITED
			TOP 100 UNDER 50	93	SLI SYSTEMS LIMITED			
			TOP 100 UNDER 50	94	FOLEY FAMILY WINES LIMITED			
			TOP 100 UNDER 50	95	MERCER GROUP LIMITED			
			TOP 100 UNDER 50	96	EROAD LIMITED			
			TOP 100 UNDER 50	97	WELLINGTON DRIVE TECHNOLOGIES LIMITED			
			TOP 100 UNDER 50	98	FINZSOFT SOLUTIONS LIMITED			
			TOP 100 UNDER 50	99	AUGUSTA CAPITAL LIMITED			
			TOP 100 UNDER 50	100	SMARTPAY HOLDINGS LIMITED			

2.2 A Venn diagram of Generous Measure

Reporting Organisations

		Companies

		Companies
TOP 50	4	AIR NEW ZEALAND LIMITED
TOP 50	21	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
TOP 100 UNDER 50	71	NEW ZEALAND OIL & GAS LIMITED

		Companies
TOP 50	25	TEGEL GROUP HOLDINGS LIMITED
TOP 100 UNDER 50	55	SMITHS CITY GROUP LIMITED
TOP 100 UNDER 50	66	NEW ZEALAND KING SALMON INVESTMENTS LIMITED
TOP 100 UNDER 50	72	SCOTT TECHNOLOGY LIMITED
TOP 100 UNDER 50	77	TRILOGY INTERNATIONAL LIMITED
BOTTOM 100	105	JUST WATER INTERNATIONAL LIMITED

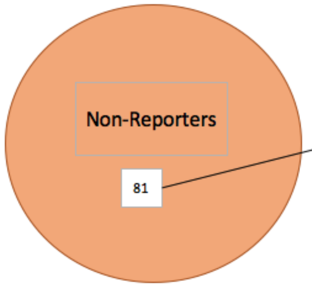
		Companies
TOP 50	1	FONTERRA CO-OPERATIVE GROUP LIMITED
TOP 50	6	WAREHOUSE GROUP LIMITED, THE
TOP 50	7	Z ENERGY LIMITED
TOP 50	8	MERIDIAN ENERGY LIMITED
TOP 50	9	MAINFREIGHT LIMITED
TOP 50	10	CONTACT ENERGY LIMITED
TOP 50	11	GENESIS ENERGY LIMITED
TOP 50	13	MERCURY NZ LIMITED
TOP 50	14	VECTOR LIMITED
TOP 50	16	TRUSTPOWER LIMITED
TOP 50	22	T&G GLOBAL LIMITED
TOP 50	30	OPUS INTERNATIONAL CONSULTANTS LIMITED
TOP 50	36	NEW ZEALAND REFINING CO LIMITED
TOP 50	46	PORT OF TAURANGA LIMITED
TOP 100 UNDER 50	62	GOODMAN PROPERTY TRUST
TOP 100 UNDER 50	82	VITAL HEALTHCARE PROPERTY TRUST
TOP 100 UNDER 50	90	BATHURST RESOURCES LIMITED

		Companies

		Companies
TOP 50	3	EBOS GROUP LIMITED
TOP 50	12	INFRATIL LIMITED
TOP 50	15	PGG WRIGHTSON LIMITED
TOP 50	19	SKY NETWORK TELEVISION LIMITED
TOP 50	27	SYNLAIT MILK LIMITED
TOP 50	28	NZME LIMITED
TOP 50	29	STEEL & TUBE HOLDINGS LIMITED
TOP 50	38	SCALES CORPORATION LIMITED
TOP 50	47	COMVITA LIMITED
TOP 100 UNDER 50	51	ABANO HEALTHCARE GROUP LIMITED
TOP 100 UNDER 50	64	HEARTLAND BANK LIMITED
TOP 100 UNDER 50	65	PRECINCT PROPERTIES NEW ZEALAND LIMITED
TOP 100 UNDER 50	68	EVOLVE EDUCATION GROUP LIMITED
TOP 100 UNDER 50	69	METHVEN LIMITED
TOP 100 UNDER 50	70	ARGOSY PROPERTY LIMITED
TOP 100 UNDER 50	75	VISTA GROUP INTERNATIONAL LIMITED
TOP 100 UNDER 50	81	NZX LIMITED
TOP 100 UNDER 50	92	SOUTH PORT NEW ZEALAND LIMITED

		Companies
TOP 50	2	FLETCHER BUILDING LIMITED
TOP 50	5	SPARK NEW ZEALAND LIMITED
TOP 50	18	SKY CITY ENTERTAINMENT GROUP LIMITED
TOP 50	32	AUCKLAND INTERNATIONAL AIRPORT LIMITED
TOP 50	33	SANFORD LIMITED
TOP 50	35	KATHMANDU HOLDINGS LIMITED
TOP 50	37	RESTAURANT BRANDS NEW ZEALAND LIMITED
TOP 50	50	KIWI PROPERTY GROUP LIMITED

Non-Reporting Organisations



Companies								
TOP 50	17	CHORUS LIMITED	TOP 100 UNDER 50	52	AWF MADISON GROUP LIMITED	BOTTOM 100	101	BURGER FUEL WORLDWIDE LIMITED
TOP 50	20	COLONIAL MOTOR COMPANY LIMITED	TOP 100 UNDER 50	53	SKELLERUP HOLDINGS LIMITED	BOTTOM 100	102	PUSHPAY HOLDINGS LIMITED
TOP 50	23	TENON LIMITED	TOP 100 UNDER 50	54	ORION HEALTH GROUP LIMITED	BOTTOM 100	103	SEALEGS CORPORATION LIMITED
TOP 50	24	RUBICON LIMITED	TOP 100 UNDER 50	56	LIVESTOCK IMPROVEMENT CORPORATION LIMITED	BOTTOM 100	104	NPT LIMITED
TOP 50	26	BRISCOE GROUP LIMITED	TOP 100 UNDER 50	57	XERO LIMITED	BOTTOM 100	106	SOLUTION DYNAMICS LIMITED
TOP 50	31	FREIGHTWAYS LIMITED	TOP 100 UNDER 50	58	SEEKA LIMITED	BOTTOM 100	107	ALLIED FARMERS LIMITED
TOP 50	34	GREEN CROSS HEALTH LIMITED	TOP 100 UNDER 50	59	CAVALIER CORPORATION LIMITED	BOTTOM 100	108	SERKO LIMITED
TOP 50	39	A2 MILK COMPANY LIMITED	TOP 100 UNDER 50	60	METRO PERFORMANCE GLASS LIMITED	BOTTOM 100	109	COOKS GLOBAL FOODS LIMITED
TOP 50	40	TOWER LIMITED	TOP 100 UNDER 50	61	MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED	BOTTOM 100	110	IKEGPS GROUP LIMITED
TOP 50	41	CBL CORPORATION LIMITED	TOP 100 UNDER 50	63	AIRWORK HOLDINGS LIMITED	BOTTOM 100	111	SNAKK MEDIA LIMITED
TOP 50	42	TOURISM HOLDINGS LIMITED	TOP 100 UNDER 50	67	TURNERS LIMITED	BOTTOM 100	112	ENERGY MAD LIMITED
TOP 50	43	RYMAN HEALTHCARE LIMITED	TOP 100 UNDER 50	73	RAKON LIMITED	BOTTOM 100	113	MOA GROUP LIMITED
TOP 50	44	DELEGAT GROUP LIMITED	TOP 100 UNDER 50	74	METLIFECARE LIMITED	BOTTOM 100	114	NZ WINDFARMS LIMITED
TOP 50	45	QUAYSIDE HOLDINGS LIMITED	TOP 100 UNDER 50	76	SUMMERSET GROUP HOLDINGS LIMITED	BOTTOM 100	115	ENPRISE GROUP LIMITED
TOP 50	48	HALLENSTEIN GLASSON HOLDINGS LIMITED	TOP 100 UNDER 50	78	FLIWAY GROUP LIMITED	BOTTOM 100	116	MYKCO LIMITED
TOP 50	49	TRADE ME GROUP LIMITED	TOP 100 UNDER 50	79	ARVIDA GROUP LIMITED	BOTTOM 100	117	PLEXURE GROUP LIMITED
			TOP 100 UNDER 50	80	INTUERI EDUCATION GROUP LIMITED	BOTTOM 100	118	PACIFIC EDGE LIMITED
			TOP 100 UNDER 50	83	STRIDE PROPERTY LIMITED AND STRIDE INVESTMENT MANAGEMENT LIMITED	BOTTOM 100	119	SEADRAGON LIMITED
			TOP 100 UNDER 50	84	CDL INVESTMENTS NEW ZEALAND LIMITED	BOTTOM 100	120	BLIS TECHNOLOGIES LIMITED
			TOP 100 UNDER 50	85	PROPERTY FOR INDUSTRY LIMITED	BOTTOM 100	121	OCEANIA NATURAL LIMITED
			TOP 100 UNDER 50	86	AFT PHARMACEUTICALS LIMITED	BOTTOM 100	122	GENEVA FINANCE LIMITED
			TOP 100 UNDER 50	87	VERITAS INVESTMENTS LIMITED	BOTTOM 100	123	AFC GROUP HOLDINGS LIMITED
			TOP 100 UNDER 50	88	TEAMTALK LIMITED	BOTTOM 100	124	GEOOP LIMITED
			TOP 100 UNDER 50	89	GENTRACK GROUP LIMITED	BOTTOM 100	125	WINDFLOW TECHNOLOGY LIMITED
			TOP 100 UNDER 50	91	G3 GROUP LIMITED	BOTTOM 100	126	CHOW GROUP LIMITED
			TOP 100 UNDER 50	93	SLI SYSTEMS LIMITED	BOTTOM 100	127	MARSDEN MARITIME HOLDINGS LIMITED
			TOP 100 UNDER 50	94	FOLEY FAMILY WINES LIMITED	BOTTOM 100	128	PYNE GOULD CORPORATION LIMITED
			TOP 100 UNDER 50	95	MERCER GROUP LIMITED	BOTTOM 100	129	TRUSCREEN LIMITED
			TOP 100 UNDER 50	96	EROAD LIMITED	BOTTOM 100	130	LATERAL CORPORATION LIMITED
			TOP 100 UNDER 50	97	WELLINGTON DRIVE TECHNOLOGIES LIMITED	BOTTOM 100	131	PROMISIA INTEGRATIVE LIMITED
			TOP 100 UNDER 50	98	FINZSOFT SOLUTIONS LIMITED	BOTTOM 100	132	CSM GROUP LIMITED
			TOP 100 UNDER 50	99	AUGUSTA CAPITAL LIMITED	BOTTOM 100	133	TRS INVESTMENTS LIMITED
			TOP 100 UNDER 50	100	SMARTPAY HOLDINGS LIMITED			

Appendix 3: Decision Rules

A hard disclosure indicator - A quantitative disclosure item

- **Reasonable (R)**
  - An organisation will meet this decision rule when;
    - The organisation discloses a reasonable amount (if not full) of quantitative information about this specific indicator; or
    - The organisation discloses a partial (limited) amount of qualitative information with a reasonable amount of quantitative information about this specific indicator.
- **Partial (P)**
  - An organisation will meet this decision rule when:
    - The organisation discloses a partial (limited) amount of quantitative information about this specific indicator; or
    - The organisation discloses a reasonable amount of qualitative information with a partial (limited) amount of quantitative information.
- **No Disclosure (N)**
  - An organisation will meet this decision rule when the organization does not disclose any information about this specific indicator.

A soft disclosure indicator - A qualitative disclosure item

- **Reasonable (R)**
  - An organisation will meet this decision rule when;
    - The organization discloses a reasonable amount of qualitative information about this specific indicator.
- **Partial (P)**
  - An organisation will meet this decision when;
    - The organization discloses a partial (limited) amount of qualitative information about this specific indicator.
- **No Disclosure (N)**
  - An organisation will meet this disclosure item when the organization does not disclose any information about this specific indicator.

Appendix 4: Full Results

4.1 Sustainability Reporters - 1st - 7th

Disclosure	Hard Disclosure Items	Soft Disclosure Items	FONTERRA CO-OPERATIVE GROUP LIMITED			AUCKLAND INTERNATIONAL AIRPORT LIMITED			MERIDIAN ENERGY LIMITED			SPARK NEW ZEALAND LIMITED			FLETCHER BUILDING LIMITED			FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED			MERCURY NZ LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓		1			1					0			0			0			0			0
G4-EC3	✓				0	1					0			0	1					0			0
G4-EC4	✓		1					0	1					0			0	1					0
Market Presence																							
G4-EC5	✓				0			0			0			0			0		0				0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓	1			1			1			1					0			0			0
G4-EC8		✓	1			1			1			1			1			1			1		0
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**7**	**2**		5			5			4			3			3			3			2	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0	1					0		0				0			0			0
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0	1					0			0			0		0				0
G4-EN6	✓		1				0				0	1			1			1					0
G4-EN7	✓		1					0			0			0	1					0			0
Water																							
G4-EN8	✓		1				0				0			0			0		0				0
G4-EN9	✓				0			0	1					0			0			0			0
G4-EN10	✓				0			0			0			0			0			0			0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓	1					0		0				0		0				0			0
G4-EN13		✓			0			0			0			0		0				0	1		
G4-EN14		✓			0			0			0			0			0			0			0
Emissions																							
G4-EN15	✓				0			0	1			1			1					0			0
G4-EN16	✓				0			0	1			1					0	1					0
G4-EN17	✓				0			0	1					0			0	1					0
G4-EN18	✓				0	1					0			0			0			0			0
G4-EN19	✓				0	1			1				0		1			1					0
G4-EN20	✓				0			0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓				0			0			0			0			0			0			0

G4-EN23	✓				0	1					0	1					0	1					0
G4-EN24	✓				0	1					0			0			0			0			0
G4-EN25	✓				0			0			0	1					0			0			0
G4-EN26	✓				0			0			0			0			0			0			0
Products and Services																							
G4-EN27	✓				0			0			0			0	1			1					0
G4-EN28	✓				0			0			0		0				0			0			0
Compliance																							
G4-EN29	✓				0	1					0			0			0			0	1		
Transport																							
G4-EN30	✓				0			0			0			0			0			0			0
Overall																							
G4-EN31	✓				0			0			0			0			0		0		1		
Supplier Environment Assessment																							
G4-EN32	✓				0			0			0			0			0			0			0
G4-EN33	✓		1					0			0			0			0			0			0
Supplier Environment Mechanisms																							
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		5			7			5			5			5			6			3	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																							
Employment																							
G4-LA1	✓				0		0		1			1				0		1					0
G4-LA2		✓			0	1			1			1			1			1			1		
G4-LA3	✓				0			0			0			0			0			0		0	
Labor/Management Relations																							
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																							
G4-LA5	✓				0			0			0			0			0			0			0
G4-LA6	✓		1				0		1				0		1				0				0
G4-LA7		✓			0			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0			0			0
Training and Education																							
G4-LA9	✓				0			0			0			0		0		1					0
G4-LA10		✓		0			0			0				0		0			0		1		
G4-LA11	✓				0	1					0			0			0			0			0
Diversity and Equal Opportunity																							
G4-LA12	✓		1			1			1			1			1			1			1		
Equal remuneration for Women and Men																							
G4-LA13	✓				0			0			0			0			0			0			0
Supplier Assessment for Labor Practices																							
G4-LA14	✓				0			0			0			0			0			0			0
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																							
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		2			3			4			3			3			4			3	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																							
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																							
G4-HR3	✓				0			0			0			0			0		0				0
Freedom of Association and Collective Bargaining																							
G4-HR4	✓				0			0			0			0			0		0				0
Child Labor																							
G4-HR5	✓				0			0			0			0			0		0				0

Forced and Compulsory Labor																							
G4-HR6	✓				0			0			0			0			0		0				0
Security Practices																							
G4-HR7		✓			0			0			0			0			0			0			0
Indigenous Rights																							
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																							
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																							
G4-HR10	✓				0			0			0			0			0			0			0
G4-HR11	✓				0			0			0			0			0			0			0
Human Rights Grievance mechanisms																							
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			0			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																							
G4-SO1	✓		1			1			1			1			1				0		1		
G4-SO2		✓			0	1					0			0			0			0			0
Anti-corruption																							
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0			0
Public Policy																							
G4-SO6	✓				0			0			0			0	1					0	1		
Anti-Competitive Behavior																							
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																							
G4-SO8	✓				0			0			0			0			0			0			0
Supplier Assessment for Impacts on Society																							
G4-SO9	✓				0			0			0			0			0			0			0
G4-SO10	✓				0			0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																							
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		1			2			1			1			2			0			2	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																							
G4-PR1	✓		1					0			0			0		0			0				0
G4-PR2	✓				0			0			0			0			0			0			0
Product and Service Labeling																							
G4-PR3		✓	1					0			0			0			0			0			0
G4-PR4	✓				0			0			0			0			0			0			0
G4-PR5		✓	1			1			1					0			0			0	1		
Marketing Communications																							
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0			0
Customer Privacy																							
G4-PR8	✓				0			0			0			0			0			0			0
Compliance																							
G4-PR9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		3			1			1			0			0			0			1	
	75	16																					
Total	**91**			**16**			**18**			**15**			**12**			**13**			**13**			**11**	

Disclosure	Hard Disclosure Items	Soft Disclosure Items	CONTACT ENERGY LIMITED			VECTOR LIMITED			SKY CITY ENTERTAINMENT GROUP LIMITED			Z ENERGY LIMITED			PORT OF TAURANGA LIMITED			TRUSTPOWER LIMITED			AIR NEW ZEALAND LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓		1				0				0			0			0			0			0
G4-EC3	✓				0			0			0			0			0			0			0
G4-EC4	✓				0			0			0			0			0			0		0	
Market Presence																							
G4-EC5	✓				0			0			0			0			0			0			0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓	1			1			1			1			1					0			0
G4-EC8		✓	1			1			1					0	1			1			1		
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0		0	
Number of Disclosure Items	7	2		4			3			3			2			3			2			2	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0			0			0	1					0			0			0
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0			0			0			0			0			0			0
G4-EN6	✓				0			0			0			0			0			0	1		
G4-EN7	✓				0			0			0			0			0			0			0
Water																							
G4-EN8	✓		1					0			0		0				0			0			0
G4-EN9	✓				0			0			0			0			0			0			0
G4-EN10	✓				0			0			0		0				0			0			0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓	1					0			0			0			0			0			0
G4-EN13		✓	1					0			0			0			0			0	1		
G4-EN14		✓			0			0			0			0			0			0			0
Emissions																							
G4-EN15	✓		1					0			0	1					0			0	1		
G4-EN16	✓				0			0			0	1					0			0	1		
G4-EN17	✓				0			0			0		0				0			0			0
G4-EN18	✓				0			0			0			0			0			0			0
G4-EN19	✓		1			1					0	1			1					0	1		
G4-EN20	✓				0			0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓		1					0			0			0			0			0	1		
G4-EN23	✓				0			0		0		1					0			0		0	
G4-EN24	✓				0			0			0		0				0			0			0
G4-EN25	✓				0			0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0			0

Products and Services																							
G4-EN27	✓		1					0			0			0	1					0	1		
G4-EN28	✓				0			0			0			0			0			0			0
Compliance																							
G4-EN29	✓		1					0			0	1					0	1			1		
Transport																							
G4-EN30	✓				0			0			0			0			0			0			0
Overall																							
G4-EN31	✓				0			0			0			0			0			0			0
Supplier Environment Assessment																							
G4-EN32	✓				0			0			0			0			0			0	1		
G4-EN33	✓				0			0			0			0			0			0			0
Supplier Environment Mechanisms																							
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		8			1			0			6			2			1			9	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																							
Employment																							
G4-LA1	✓		1				0			0		1			1			1				0	
G4-LA2		✓			0		0		1			1					0			0			0
G4-LA3	✓				0			0			0	1					0			0			0
Labor/Management Relations																							
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																							
G4-LA5	✓				0			0			0	1					0			0			0
G4-LA6	✓		1			1					0	1			1			1					0
G4-LA7		✓			0			0			0	1					0			0			0
G4-LA8		✓			0			0			0			0			0			0			0
Training and Education																							
G4-LA9	✓				0			0			0			0			0	1					0
G4-LA10		✓	1				0		1			1					0			0		0	
G4-LA11	✓				0			0		0		1					0			0		0	
Diversity and Equal Opportunity																							
G4-LA12	✓		1			1			1			1			1			1					0
Equal remuneration for Women and Men																							
G4-LA13	✓		1					0			0	1					0			0			0
Supplier Assessment for Labor Practices																							
G4-LA14	✓				0			0			0			0			0			0	1		
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																							
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		5			2			3			10			3			4			1	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																							
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																							
G4-HR3	✓				0			0			0			0			0			0			0
Freedom of Association and Collective Bargaining																							
G4-HR4	✓				0			0			0			0			0			0			0
Child Labor																							
G4-HR5	✓				0			0			0			0			0			0			0
Forced and Compulsory Labor																							
G4-HR6	✓				0			0			0			0			0			0			0
Security Practices																							
G4-HR7		✓			0			0			0			0			0			0			0

Indigenous Rights																						
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																						
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																						
G4-HR10	✓				0			0			0			0			0			0	1		
G4-HR11	✓				0			0			0			0			0			0			0
Human Rights Grievance mechanisms																						
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			0			0			1	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																						
G4-SO1	✓		1			1			1			1			1			1			1		
G4-SO2		✓			0			0			0			0			0			0			0
Anti-corruption																						
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0			0
Public Policy																						
G4-SO6	✓			0				0			0		0				0			0	1		
Anti-Competitive Behavior																						
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																						
G4-SO8	✓				0			0			0	1					0			0			0
Supplier Assessment for Impacts on Society																						
G4-SO9	✓				0			0			0			0			0			0	1		
G4-SO10	✓				0			0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																						
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		1			1			1			1			1			1			3	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																						
G4-PR1	✓				0			0			0			0			0			0			0
G4-PR2	✓		1					0			0			0			0			0			0
Product and Service Labeling																						
G4-PR3		✓			0			0			0			0			0			0			0
G4-PR4	✓				0			0			0			0			0			0			0
G4-PR5		✓	1			1					0	1					0	1					0
Marketing Communications																						
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0	1					0			0			0
Customer Privacy																						
G4-PR8	✓		1					0			0			0			0			0			0
Compliance																						
G4-PR9	✓		1					0			0	1					0			0			0
Number of Disclosure Items	7	2		4			1			0			3			0			1			0	
	75	16																					
Total	**91**			**22**			**8**			**7**			**23**			**9**			**9**			**16**	

15th - 21th

Disclosure	Hard Disclosure Items	Soft Disclosure Items	GENESIS ENERGY LIMITED			KIWI PROPERTY GROUP LIMITED			MAINFREIGHT LIMITED			NEW ZEALAND REFINING CO LIMITED			WAREHOUSE GROUP LIMITED, THE			SANFORD LIMITED			SCALES CORPORATION LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓				0	1					0			0			0	1					0
G4-EC3	✓				0			0			0	1					0		0				0
G4-EC4	✓			0				0			0			0			0	1					0
Market Presence																							
G4-EC5	✓				0			0			0			0			0			0			0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓		0		1				0				0	1					0			0
G4-EC8		✓	1			1				0		1			1			1			1		
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**7**	**2**	2			4			1			3			3			4			2		
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0		0				0			0	1			1			1		
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0			0			0			0			0			0			0
G4-EN6	✓				0	1					0			0	1			1				0	
G4-EN7	✓				0			0			0			0			0			0			0
Water																							
G4-EN8	✓				0		0				0			0			0			0		0	
G4-EN9	✓				0			0			0			0			0			0			0
G4-EN10	✓				0			0			0			0			0			0			0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓		0				0			0			0			0	1					0
G4-EN13		✓		0				0			0			0			0			0			0
G4-EN14		✓			0			0			0			0			0	1					0
Emissions																							
G4-EN15	✓				0	1					0			0	1			1					0
G4-EN16	✓				0			0			0			0	1			1					0
G4-EN17	✓				0		0				0			0	1			1					0
G4-EN18	✓				0			0			0			0	1					0			0
G4-EN19	✓				0	1				0				0	1					0			0
G4-EN20	✓				0			0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓				0			0			0			0			0			0			0
G4-EN23	✓				0	1				0				0			0			0			0
G4-EN24	✓				0			0			0			0			0	1					0
G4-EN25	✓				0			0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0			0

Products and Services																						
G4-EN27	✓				0			0			0			0		0				0			0
G4-EN28	✓				0			0			0			0		0			0				0
Compliance																						
G4-EN29	✓				0	1					0	1					0			0			0
Transport																						
G4-EN30	✓				0			0			0			0			0			0			0
Overall																						
G4-EN31	✓				0			0			0	1					0		0				0
Supplier Environment Assessment																						
G4-EN32	✓				0			0			0			0	1					0			0
G4-EN33	✓				0			0			0			0	1					0			0
Supplier Environment Mechanisms																						
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		0			5			0			2			9			8			1	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																						
Employment																						
G4-LA1	✓			0		1					0	1				0		1				0	
G4-LA2		✓	1			1			1			1			1					0	1		
G4-LA3	✓				0			0			0			0			0			0			0
Labor/Management Relations																						
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																						
G4-LA5	✓				0	1					0			0			0		0				0
G4-LA6	✓				0	1					0	1				0		1					0
G4-LA7		✓			0			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0	1					0
Training and Education																						
G4-LA9	✓				0			0			0			0			0	1					0
G4-LA10		✓			0	1					0			0	1			1				0	
G4-LA11	✓				0			0			0			0	1					0			0
Diversity and Equal Opportunity																						
G4-LA12	✓		1			1			1			1			1			1			1		
Equal remuneration for Women and Men																						
G4-LA13	✓				0			0			0			0			0			0			0
Supplier Assessment for Labor Practices																						
G4-LA14	✓				0			0			0			0			0			0			0
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																						
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		2			6			2			4			4			6			2	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																						
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																						
G4-HR3	✓				0		0				0			0			0			0			0
Freedom of Association and Collective Bargaining																						
G4-HR4	✓				0		0				0			0			0			0			0
Child Labor																						
G4-HR5	✓				0		0				0			0			0			0			0
Forced and Compulsory Labor																						
G4-HR6	✓				0		0				0			0			0			0			0
Security Practices																						
G4-HR7		✓			0			0			0			0			0			0			0

Indigenous Rights																							
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																							
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																							
G4-HR10	✓				0			0			0			0	1					0			0
G4-HR11	✓				0			0			0			0	1					0			0
Human Rights Grievance mechanisms																							
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			2			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																							
G4-SO1	✓			0		1					0			0	1			1					0
G4-SO2		✓			0			0			0			0			0			0			0
Anti-corruption																							
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0	1					0			0			0			0			0
Public Policy																							
G4-SO6	✓				0	1					0	1			1					0			0
Anti-Competitive Behavior																							
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																							
G4-SO8	✓				0	1			1					0			0			0			0
Supplier Assessment for Impacts on Society																							
G4-SO9	✓				0			0			0			0	1					0			0
G4-SO10	✓				0			0			0			0	1					0			0
Grievance Mechanisms for Impacts on Society																							
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		0			4			1			1			4			1			0	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																							
G4-PR1	✓				0			0			0			0			0	1				0	
G4-PR2	✓				0			0			0			0			0	1					0
Product and Service Labeling																							
G4-PR3		✓			0			0			0			0	1			1			1		
G4-PR4	✓				0			0			0			0			0			0			0
G4-PR5		✓	1				0				0			0	1			1					0
Marketing Communications																							
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0			0
Customer Privacy																							
G4-PR8	✓				0			0			0			0	1					0			0
Compliance																							
G4-PR9	✓				0			0			0			0			0	1					0
Number of Disclosure Items	7	2		1			0			0			0			3			5			1	
	75	16																					
Total	**91**			**5**			**19**			**4**			**10**			**25**			**24**			**6**	

Disclosure	Hard Disclosure Items	Soft Disclosure Items	RESTAURANT BRANDS NEW ZEALAND LIMITED			KATHMANDU HOLDINGS LIMITED			TEGEL GROUP HOLDINGS LIMITED			T&G GLOBAL LIMITED			OPUS INTERNATIONAL CONSULTANTS LIMITED			NZME LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																				
G4-EC1	✓		1			1			1			1			1			1		
G4-EC2	✓				0	1					0			0			0			
G4-EC3	✓				0			0			0	1				0				
G4-EC4	✓				0			0			0		0				0			
Market Presence																				
G4-EC5	✓				0		0				0			0			0			
G4-EC6	✓				0			0			0			0			0			
Indirect Economic Impacts																				
G4-EC7		✓			0	1		0			0	1			1					
G4-EC8		✓		0		1			1			1			1			1		
Procurement Practices																				
G4-EC9	✓			0				0			0			0			0			
Number of Disclosure Items	**7**	**2**		1			4			2			4			3			2	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																				
G4-EN1	✓				0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0
Energy																				
G4-EN3	✓				0			0			0			0			0			0
G4-EN4	✓				0			0			0			0			0			0
G4-EN5	✓			0				0			0			0			0			0
G4-EN6	✓			0				0			0		0				0			0
G4-EN7	✓				0			0			0			0			0			0
Water																				
G4-EN8	✓				0			0			0			0			0			0
G4-EN9	✓				0			0			0			0			0			0
G4-EN10	✓				0			0			0			0			0			0
Biodiversity																				
G4-EN11	✓				0			0			0			0			0			0
G4-EN12		✓			0			0			0			0			0			0
G4-EN13		✓			0		0				0			0			0			0
G4-EN14		✓			0			0			0			0			0			0
Emissions																				
G4-EN15	✓				0			0			0			0	1					0
G4-EN16	✓				0	1					0			0	1					0
G4-EN17	✓				0	1					0			0	1					0
G4-EN18	✓				0	1					0			0	1					0
G4-EN19	✓				0	1					0			0	1					0
G4-EN20	✓				0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0
Effluents and Waste																				
G4-EN22	✓				0			0			0			0			0			0
G4-EN23	✓		1				0				0		0				0			0
G4-EN24	✓				0			0			0			0			0			0
G4-EN25	✓				0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0

Products and Services																				
G4-EN27	✓				0	1					0			0			0			0
G4-EN28	✓			0				0			0		0				0			0
Compliance																				
G4-EN29	✓				0			0			0			0	1					0
Transport																				
G4-EN30	✓				0			0			0			0			0			0
Overall																				
G4-EN31	✓				0			0			0			0			0			0
Supplier Environment Assessment																				
G4-EN32	✓				0			0			0			0			0			0
G4-EN33	✓				0			0			0			0			0			0
Supplier Environment Mechanisms																				
G4-EN34	✓				0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		1			5			0			0			6			0	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																				
Employment																				
G4-LA1	✓		1			1				0		1			1			1		
G4-LA2		✓			0	1					0	1			1					0
G4-LA3	✓				0	1					0			0			0			0
Labor/Management Relations																				
G4-LA4		✓			0			0			0			0	1					0
Occupational Health and Safety																				
G4-LA5	✓				0			0			0			0	1					0
G4-LA6	✓		1			1			1			1					0		0	
G4-LA7		✓			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0			0
Training and Education																				
G4-LA9	✓				0			0			0			0		0				0
G4-LA10		✓		0		1					0	1				0				0
G4-LA11	✓				0	1					0			0			0			0
Diversity and Equal Opportunity																				
G4-LA12	✓		1			1			1				0		1			1		
Equal remuneration for Women and Men																				
G4-LA13	✓				0			0			0			0			0			0
Supplier Assessment for Labor Practices																				
G4-LA14	✓				0			0			0			0			0			0
G4-LA15	✓				0			0			0			0			0			0
Labor Practices Grievance Mechanisms																				
G4-LA16	✓				0			0			0			0			0			
Number of Disclosure Items	**11**	**5**		3			7			2			4			5			2	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																				
G4-HR1	✓				0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0
Non-discrimination																				
G4-HR3	✓				0			0			0			0			0			0
Freedom of Association and Collective Bargaining																				
G4-HR4	✓				0		0				0			0			0			0
Child Labor																				
G4-HR5	✓				0		0				0			0			0			0
Forced and Compulsory Labor																				
G4-HR6	✓				0		0				0			0			0			0
Security Practices																				
G4-HR7		✓			0			0			0			0			0			0

Indigenous Rights																				
G4-HR8	✓				0			0			0			0			0			0
Assessment																				
G4-HR9	✓				0			0			0			0			0			0
Supplier Human Rights Assessment																				
G4-HR10	✓				0	1					0			0			0			0
G4-HR11	✓				0	1					0			0			0			0
Human Rights Grievance mechanisms																				
G4-HR12	✓				0			0			0			0			0			0
Number of Disclosure Items	10	2		0			2			0			0			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																				
G4-SO1	✓		1			1					0	1					0			0
G4-SO2		✓		0				0			0			0			0			0
Anti-corruption																				
G4-SO3	✓				0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0
Public Policy																				
G4-SO6	✓				0			0			0			0			0			0
Anti-Competitive Behavior																				
G4-SO7	✓				0			0			0			0			0			0
Compliance																				
G4-SO8	✓				0			0			0			0			0			0
Supplier Assessment for Impacts on Society																				
G4-SO9	✓				0			0			0			0			0			0
G4-SO10	✓				0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																				
G4-SO11		✓			0			0			0			0			0			0
Number of Disclosure Items	9	2		1			1			0			1			0			0	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																				
G4-PR1	✓		1			1					0			0			0			0
G4-PR2	✓		1			1					0			0			0			0
Product and Service Labeling																				
G4-PR3		✓	1					0	1					0			0			0
G4-PR4	✓				0			0			0			0			0			0
G4-PR5		✓	1					0			0			0			0			0
Marketing Communications																				
G4-PR6	✓				0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0
Customer Privacy																				
G4-PR8	✓				0	1					0			0			0			0
Compliance																				
G4-PR9	✓				0			0			0			0			0			0
Number of Disclosure Items	7	2		4			3			1			0			0			0	
	75	16																		
Total	**91**			**10**			**22**			**5**			**9**			**14**			**4**	

4.2 Sustainability Non-reporters - 1st - 7th

Disclosure	Hard Disclosure Items	Soft Disclosure Items	RYMAN HEALTHCARE LIMITED			EBOS GROUP LIMITED			SKY NETWORK TELEVISION LIMITED			INFRATIL LIMITED			TRADE ME GROUP LIMITED			CHORUS LIMITED			THE A2 MILK COMPANY LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓				0			0			0			0			0			0			0
G4-EC3	✓				0			0			0			0			0	1					0
G4-EC4	✓				0			0			0			0			0			0	1		
Market Presence																							
G4-EC5	✓				0			0			0			0			0			0			0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓			0			0	1		0			0	1				0				0
G4-EC8		✓	1			1			1			1		0	1			1			1		
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		2			2			3			2			3			3			3	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0			0			0			0			0			0			0
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0			0			0			0			0			0			0
G4-EN6	✓				0			0			0			0			0			0			0
G4-EN7	✓				0			0			0			0			0			0			0
Water																							
G4-EN8	✓				0			0			0			0			0			0			0
G4-EN9	✓				0			0			0			0			0			0			0
G4-EN10	✓				0			0			0			0			0			0			0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓			0			0			0			0			0			0			0
G4-EN13		✓			0			0			0			0			0			0			0
G4-EN14		✓			0			0			0			0			0			0			0
Emissions																							
G4-EN15	✓				0			0			0			0		0			0				0
G4-EN16	✓				0			0			0			0		0				0			0
G4-EN17	✓				0			0			0			0		0				0			0
G4-EN18	✓				0			0			0			0			0			0			0
G4-EN19	✓				0			0			0			0			0	1					0
G4-EN20	✓				0			0			0			0			0		0				0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓				0			0			0			0			0			0			0
G4-EN23	✓				0			0			0			0			0			0			0
G4-EN24	✓				0			0			0			0			0			0			0
G4-EN25	✓				0			0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0			0

Products and Services																						
G4-EN27	✓				0			0			0			0			0			0			0
G4-EN28	✓				0			0			0			0			0			0			0
Compliance																						
G4-EN29	✓				0			0			0			0			0			0			0
Transport																						
G4-EN30	✓				0			0			0			0			0			0			0
Overall																						
G4-EN31	✓				0			0			0			0			0			0			0
Supplier Environment Assessment																						
G4-EN32	✓				0			0			0			0			0			0			0
G4-EN33	✓				0			0			0			0			0			0			0
Supplier Environment Mechanisms																						
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		0			0			0			0			0			1			0	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																						
Employment																						
G4-LA1	✓				0			0		0				0	1			1				0	
G4-LA2		✓	1					0		0				0	1			1				0	
G4-LA3	✓				0			0			0			0			0			0			0
Labor/Management Relations																						
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																						
G4-LA5	✓				0			0			0			0			0			0			0
G4-LA6	✓				0			0			0			0			0	1					0
G4-LA7		✓			0			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0			0			0
Training and Education																						
G4-LA9	✓				0			0			0			0			0			0			0
G4-LA10		✓	1					0			0			0			0	1					0
G4-LA11	✓				0			0			0			0			0			0			0
Diversity and Equal Opportunity																						
G4-LA12	✓		1			1			1			1			1					0	1		
Equal remuneration for Women and Men																						
G4-LA13	✓				0			0			0			0			0			0			0
Supplier Assessment for Labor Practices																						
G4-LA14	✓				0			0			0			0			0		0				0
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																						
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		3			1			1			1			3			4			1	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																						
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																						
G4-HR3	✓				0			0			0			0			0			0			0
Freedom of Association and Collective Bargaining																						
G4-HR4	✓				0			0			0			0			0			0			0
Child Labor																						
G4-HR5	✓				0			0			0			0			0			0			0
Forced and Compulsory Labor																						
G4-HR6	✓				0			0			0			0			0			0			0
Security Practices																						
G4-HR7		✓			0			0			0			0			0			0			0

Indigenous Rights																							
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																							
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																							
G4-HR10	✓				0			0			0			0			0			0			0
G4-HR11	✓				0			0			0			0			0			0			0
Human Rights Grievance mechanisms																							
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			0			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																							
G4-SO1	✓		1			1			1					0	1			1				0	
G4-SO2		✓			0			0			0			0			0			0			0
Anti-corruption																							
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0			0
Public Policy																							
G4-SO6	✓				0			0			0			0			0	1					0
Anti-Competitive Behavior																							
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																							
G4-SO8	✓				0			0			0			0			0			0			0
Supplier Assessment for Impacts on Society																							
G4-SO9	✓				0			0			0			0			0			0			0
G4-SO10	✓				0			0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																							
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		1			1			1			0			1			2			0	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																							
G4-PR1	✓				0			0			0			0			0			0			0
G4-PR2	✓				0			0			0			0			0			0			0
Product and Service Labeling																							
G4-PR3		✓			0			0			0			0			0			0			0
G4-PR4	✓				0			0			0			0			0			0			0
G4-PR5		✓			0			0			0			0			0	1					0
Marketing Communications																							
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0			0
Customer Privacy																							
G4-PR8	✓				0			0			0			0	1					0			0
Compliance																							
G4-PR9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		0			0			0			0			1			1			0	
	75	16																					
Total	**91**			**6**			**4**			**5**			**3**			**8**			**11**			**4**	

Disclosure	Hard Disclosure Items	Soft Disclosure Items	FREIGHTWAYS LIMITED			BRISCOE GROUP LIMITED			DELEGAT GROUP LIMITED			SYNLAIT MILK LIMITED			CBL CORPORATION LIMITED			COMVITA LIMITED			GREEN CROSS HEALTH LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓				0			0			0			0			0			0			0
G4-EC3	✓				0			0			0	1					0			0			0
G4-EC4	✓				0			0	1					0			0			0			0
Market Presence																							
G4-EC5	✓				0			0			0			0			0			0			0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓			0			0			0			0			0		0		1		0
G4-EC8		✓	1			1					0	1			1			1			1		0
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**7**	**2**		2			2			2			3			2			2			3	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0			0			0			0			0			0			0
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0			0			0			0			0			0			0
G4-EN6	✓				0			0			0			0			0			0			0
G4-EN7	✓				0			0			0			0			0			0			0
Water																							
G4-EN8	✓				0			0			0			0			0			0			0
G4-EN9	✓				0			0			0			0			0			0			0
G4-EN10	✓				0			0			0			0			0		0				0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓			0			0			0			0			0			0			0
G4-EN13		✓			0			0			0			0			0			0			0
G4-EN14		✓			0			0			0			0			0			0			0
Emissions																							
G4-EN15	✓				0			0			0			0			0			0			0
G4-EN16	✓				0			0			0			0			0			0			0
G4-EN17	✓				0			0			0			0			0			0			0
G4-EN18	✓				0			0			0			0			0			0			0
G4-EN19	✓				0			0			0			0			0			0			0
G4-EN20	✓				0			0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓				0			0			0			0			0		0				0
G4-EN23	✓				0			0			0			0			0			0			0
G4-EN24	✓				0			0			0			0			0			0			0
G4-EN25	✓				0			0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0			0

Products and Services																							
G4-EN27	✓				0			0			0			0			0			0			0
G4-EN28	✓				0			0			0			0			0			0			0
Compliance																							
G4-EN29	✓				0			0			0			0			0			0			0
Transport																							
G4-EN30	✓				0			0			0			0			0			0			0
Overall																							
G4-EN31	✓				0			0			0			0			0			0			0
Supplier Environment Assessment																							
G4-EN32	✓				0			0			0			0			0			0			0
G4-EN33	✓				0			0			0			0			0			0			0
Supplier Environment Mechanisms																							
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		0			0			0			0			0			0			0	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																							
Employment																							
G4-LA1	✓				0			0			0		0				0			0		0	
G4-LA2		✓	1			1					0	1					0			0		0	
G4-LA3	✓				0			0			0			0			0			0			0
Labor/Management Relations																							
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																							
G4-LA5	✓				0			0			0			0			0			0			0
G4-LA6	✓				0			0	1				0				0			0			0
G4-LA7		✓			0			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0			0			0
Training and Education																							
G4-LA9	✓				0			0			0			0			0			0			0
G4-LA10		✓			0		0				0		0				0			0		0	
G4-LA11	✓				0			0			0		0				0			0			0
Diversity and Equal Opportunity																							
G4-LA12	✓				0	1					0	1			1				0		1		
Equal remuneration for Women and Men																							
G4-LA13	✓				0			0			0			0			0			0			0
Supplier Assessment for Labor Practices																							
G4-LA14	✓				0			0			0			0			0			0			0
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																							
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		1			2			1			2			1			0			1	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																							
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																							
G4-HR3	✓				0			0			0			0			0			0			0
Freedom of Association and Collective Bargaining																							
G4-HR4	✓				0			0			0			0			0			0			0
Child Labor																							
G4-HR5	✓				0			0			0			0			0			0			0
Forced and Compulsory Labor																							
G4-HR6	✓				0			0			0			0			0			0			0
Security Practices																							
G4-HR7		✓			0			0			0			0			0			0			0

Indigenous Rights																						
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																						
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																						
G4-HR10	✓				0			0			0			0			0			0			0
G4-HR11	✓				0			0			0			0			0			0			0
Human Rights Grievance mechanisms																						
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			0			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																						
G4-SO1	✓				0	1					0			0			0		0				0
G4-SO2		✓			0			0			0			0			0			0			0
Anti-corruption																						
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0			0
Public Policy																						
G4-SO6	✓				0			0			0			0			0			0		0	
Anti-Competitive Behavior																						
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																						
G4-SO8	✓				0			0			0			0			0			0			0
Supplier Assessment for Impacts on Society																						
G4-SO9	✓				0			0			0			0			0			0			0
G4-SO10	✓				0			0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																						
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		0			1			0			0			0			0			0	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																						
G4-PR1	✓				0			0			0		0				0			0			0
G4-PR2	✓				0			0			0			0			0			0			0
Product and Service Labeling																						
G4-PR3		✓			0			0			0			0			0	1					0
G4-PR4	✓				0			0			0			0			0			0			0
G4-PR5		✓			0		0				0			0			0			0			0
Marketing Communications																						
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0			0
Customer Privacy																						
G4-PR8	✓				0			0			0			0			0			0			0
Compliance																						
G4-PR9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		0			0			0			0			0			1			0	
	75	16																				
Total	**91**			**3**			**5**			**3**			**5**			**3**			**3**			**4**	

Disclosure	Hard Disclosure Items	Soft Disclosure Items	PGG WRIGHTSON LIMITED			TOURISM HOLDINGS LIMITED			COLONIAL MOTOR LIMITED			STEEL & TUBE HOLDINGS LIMITED			TOWER LIMITED			HALLENSTEIN GLASSON HOLDINGS LIMITED			RUBICON LIMITED		
Economic Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Economic Performance																							
G4-EC1	✓		1			1			1			1			1			1			1		
G4-EC2	✓		1					0			0			0			0	1					0
G4-EC3	✓		1					0			0			0			0			0			0
G4-EC4	✓		1					0			0			0			0			0			0
Market Presence																							
G4-EC5	✓				0			0			0	1					0			0			0
G4-EC6	✓				0			0			0			0			0			0			0
Indirect Economic Impacts																							
G4-EC7		✓			0			0			0	1					0			0			0
G4-EC8		✓	1			1			1		0	1			1					0	1		0
Procurement Practices																							
G4-EC9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		5			2			2			4			2			2			2	
Environmental Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Materials																							
G4-EN1	✓				0			0			0			0			0			0			0
G4-EN2	✓				0			0			0			0			0			0			0
Energy																							
G4-EN3	✓				0			0			0			0			0			0			0
G4-EN4	✓				0			0			0			0			0			0			0
G4-EN5	✓				0			0			0			0			0			0			0
G4-EN6	✓				0			0			0			0			0			0			0
G4-EN7	✓				0			0			0			0			0			0			0
Water																							
G4-EN8	✓				0			0			0			0			0			0			0
G4-EN9	✓				0			0			0			0			0			0			0
G4-EN10	✓				0			0			0			0			0			0			0
Biodiversity																							
G4-EN11	✓				0			0			0			0			0			0			0
G4-EN12		✓			0			0			0			0			0			0			0
G4-EN13		✓			0			0			0			0			0			0			0
G4-EN14		✓			0			0			0			0			0			0			0
Emissions																							
G4-EN15	✓				0			0			0			0			0			0			0
G4-EN16	✓				0			0			0			0			0			0			0
G4-EN17	✓				0			0			0			0			0			0			0
G4-EN18	✓				0			0			0			0			0			0			0
G4-EN19	✓			0				0			0			0			0			0			0
G4-EN20	✓				0			0			0			0			0			0			0
G4-EN21	✓				0			0			0			0			0			0			0
Effluents and Waste																							
G4-EN22	✓				0			0			0			0			0			0			0
G4-EN23	✓				0			0			0			0			0			0			0
G4-EN24	✓				0			0			0			0			0			0			0
G4-EN25	✓				0			0			0			0			0			0			0
G4-EN26	✓				0			0			0			0			0			0			0

Products and Services																							
G4-EN27	✓				0			0			0			0			0			0			0
G4-EN28	✓				0			0			0			0			0			0			0
Compliance																							
G4-EN29	✓				0			0			0			0			0			0			0
Transport																							
G4-EN30	✓				0			0			0			0			0			0			0
Overall																							
G4-EN31	✓				0			0			0			0			0			0			0
Supplier Environment Assessment																							
G4-EN32	✓				0			0			0			0			0			0			0
G4-EN33	✓				0			0			0			0			0			0			0
Supplier Environment Mechanisms																							
G4-EN34	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**31**	**3**		0			0			0			0			0			0			0	
Social Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Labour Practice Performance Indicators																							
Employment																							
G4-LA1	✓			0				0			0	1					0			0			0
G4-LA2		✓	1			1					0	1			1					0		0	
G4-LA3	✓				0			0			0			0			0			0			0
Labor/Management Relations																							
G4-LA4		✓			0			0			0			0			0			0			0
Occupational Health and Safety																							
G4-LA5	✓				0			0			0			0			0			0			0
G4-LA6	✓				0			0		0				0			0			0			0
G4-LA7		✓			0			0			0			0			0			0			0
G4-LA8		✓			0			0			0			0			0			0			0
Training and Education																							
G4-LA9	✓				0			0			0			0			0			0			0
G4-LA10		✓			0			0			0		0				0			0			0
G4-LA11	✓				0			0			0		0				0			0			0
Diversity and Equal Opportunity																							
G4-LA12	✓		1			1					0	1			1			1					0
Equal remuneration for Women and Men																							
G4-LA13	✓				0			0			0			0			0			0			0
Supplier Assessment for Labor Practices																							
G4-LA14	✓				0			0			0			0			0			0			0
G4-LA15	✓				0			0			0			0			0			0			0
Labor Practices Grievance Mechanisms																							
G4-LA16	✓				0			0			0			0			0			0			0
Number of Disclosure Items	**11**	**5**		2			2			0			3			2			1			0	
Human Rights Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Investment																							
G4-HR1	✓				0			0			0			0			0			0			0
G4-HR2		✓			0			0			0			0			0			0			0
Non-discrimination																							
G4-HR3	✓				0			0			0			0			0			0			0
Freedom of Association and Collective Bargaining																							
G4-HR4	✓				0			0			0			0			0			0			0
Child Labor																							
G4-HR5	✓				0			0			0			0			0			0			0
Forced and Compulsory Labor																							
G4-HR6	✓				0			0			0			0			0			0			0
Security Practices																							
G4-HR7		✓			0			0			0			0			0			0			0

Indigenous Rights																							
G4-HR8	✓				0			0			0			0			0			0			0
Assessment																							
G4-HR9	✓				0			0			0			0			0			0			0
Supplier Human Rights Assessment																							
G4-HR10	✓				0			0			0			0			0			0			0
G4-HR11	✓				0			0			0			0			0			0			0
Human Rights Grievance mechanisms																							
G4-HR12	✓				0			0			0			0			0			0			0
Number of Disclosure Items	10	2		0			0			0			0			0			0			0	
Society Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Local Communities																							
G4-SO1	✓		1					0			0			0			0			0			0
G4-SO2		✓			0			0			0			0			0			0			0
Anti-corruption																							
G4-SO3	✓				0			0			0			0			0			0			0
G4-SO4	✓				0			0			0			0			0			0			0
G4-SO5	✓				0			0			0			0			0			0			0
Public Policy																							
G4-SO6	✓				0			0			0			0			0			0			0
Anti-Competitive Behavior																							
G4-SO7	✓				0			0			0			0			0			0			0
Compliance																							
G4-SO8	✓				0			0			0			0			0			0			0
Supplier Assessment for Impacts on Society																							
G4-SO9	✓				0			0			0			0			0			0			0
G4-SO10	✓				0			0			0			0			0			0			0
Grievance Mechanisms for Impacts on Society																							
G4-SO11		✓			0			0			0			0			0			0			0
Number of Disclosure Items	9	2		1			0			0			0			0			0			0	
Product Responsibility Performance Indicators			R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N	R	P	N
Customer Health and Safety																							
G4-PR1	✓				0			0			0		0				0			0			0
G4-PR2	✓				0			0			0			0			0			0			0
Product and Service Labeling																							
G4-PR3		✓			0			0			0			0			0			0			0
G4-PR4	✓				0			0			0	1					0			0			0
G4-PR5		✓			0			0			0	1					0			0			0
Marketing Communications																							
G4-PR6	✓				0			0			0			0			0			0			0
G4-PR7	✓				0			0			0			0			0			0			0
Customer Privacy																							
G4-PR8	✓				0			0			0			0			0			0			0
Compliance																							
G4-PR9	✓				0			0			0			0			0			0			0
Number of Disclosure Items	7	2		0			0			0			2			0			0			0	
	75	16																					
Total	**91**			**8**			**4**			**2**			**9**			**4**			**3**			**2**	

Appendix 5: Interview Guide

5.1 Reporting Organisations' Interview Questions

Introduction

1. Can you please introduce yourself, and describe your role within the organisation
2. How long have you been with the organisation, and how many years of experience do you have with your role?
3. What inspired you to work in sustainability?
4. On a daily basis, how much time do you dedicate to sustainability related work?
5. Where does the function of sustainability sit within your organisational structure?
6. Are you the person who is directly/indirectly responsible for the design and implementation of sustainability programme within your organisation?
    - ➢ If yes, what inspired you, and the organisation to start this programme?
    - ➢ If no, what do you think might have inspired the organisation to engage in this programme?

Sustainability Reporting - Motivations, Drivers and Barriers

7. Can you briefly talk about your organisation's culture and objectives?
    - ➢ Past studies found organisations engaged in sustainability reporting because of the following organisational objectives: *Profit maximisation, Share price maximisation, Cost minimisation, and Market leadership.*
        - *I. Do you agree with these objectives?*

8. Surely, you must have heard the concept of sustainability before, correct (yes/no)?
    - ➢ From your own understanding, can you describe the concept of sustainability?
    - ➢ From your own perspective, what does a sustainable organisation look like?
    - ➢ Now, how well do you think your organisation's objectives align with the value of sustainability?
        - Can you please give some examples of how is this communicated across the organisation?

9. Given that there are abundant CSR studies out there that look into motivational drivers of why organisations may want to undertake sustainability reporting (SR). For this question, I would like you to complete the following table. (*please complete this table in a separate handout*)

Motivating factors	Strongly disagree <------> Strongly Agree				
	1	2	3	4	5
The organisation pursues SR as it is a sustainability/values-based strategy.	○	○	○	○	○
The organisation pursues SR to manage social/environmental impacts or material risks.	○	○	○	○	○
Please write down top 3 key risks that the organisation must manage to become a sustainable organisation?					
The organisation pursues SR to manage internal stakeholder pressure.	○	○	○	○	○
Please write down top 3 key internal stakeholders that might want this information?					
The organisation pursues SR to manage external stakeholder pressure.	○	○	○	○	○
Please write down top 3 key external stakeholders that might want this information?					
The organisation pursues SR as your peers are doing it.	○	○	○	○	○
The organisation pursues SR as a way to manage government intervention of the operation of your business.	○	○	○	○	○
The organisation pursues SR as a way to secure businesses and resources.	○	○	○	○	○
The organisation pursues SR in order to survive.	○	○	○	○	○
The organisation pursues SR because the organisational culture encourages it.	○	○	○	○	○
The organisation pursues SR because of an experiment.	○	○	○	○	○
The organisation pursues SR to manage reputation.	○	○	○	○	○
The organisation pursues SR to make the business looks more transparent via non-financial disclosures.	○	○	○	○	○

The potential impact, and Managers' perceptions and attitudes

10. As mentioned in my project cover sheet, I have been investigating the current state of sustainability reporting by NZX50. From my study, I've found that the rate of sustainability reporting has not really taken off in the same way that it has internationally, let alone the quality of reporting.

   - ***See graph 2***. Why do you think sustainability reporting in NZ has not taken-off in the same way that it has internationally?
     i. What do you think might be contributing factors that prevent it from happening?
   - From my investigation of all listed organisations within the NZX, as at 31st of December 2016, I found the uptake of sustainability reporting by listed organisation was only 29%. To put this in simple terms, 71% of listed organisation did not report on non-financial information.
     i. What do you think might motivate these non-reporting organisations to not engage in sustainability reporting?
     ii. Given the high percentage of non-reporters, do you agree with this explanation, Milton Freidman asserts that "***the only social responsibility of organisations is to maximise profits***"?

11. Recently, the NZX has released the new Corporate Governance code (**NZX code**) for its main board's equity issuers to comply, and one of the most talked about topics is the recommendation of non-financial disclosure relating to ESG (Environmental, Social and Governance) reporting. What this does is indirectly enforce every equity issuer to report such information on a *'comply or explain'* basis. To put this in simple terms, if listed organisation decided not to produce non-financial reporting, then they must explain why it has not been reported.
   - So my question to you is: what are your thoughts on this recommendation?
     i. Do you agree or disagree with it?
     ii. Are there any aspects do you agree/disagree with?
     iii. On a scale of 1-10, how committed is your organisation towards these changes?
   - How do you think the changes will impact your organisation's non-financial reporting?
   - According to past studies, the study found organisations' decisions were made based on economic incentives.
     i. Does your organisation intend to change a business model and core values to facilitate with these changes?
     ii. In what ways, how you intend to do this?
   - **Quite recently,** your organisation has released your very first sustainability report to the general public?

i. **Without a stock exchange intervention**, would your organisation have engaged in sustainability reporting? And why now?

- From your perspective, **instead of a stock exchange intervention**, what else could have been done differently to promote and encourage the uptake of sustainability reporting in NZ?
- Again, from your perspective, **with a stock exchange intervention**, what are the chances that the changes to NZX code will encourage the uptake of sustainability reporting in NZ?
  i. How will the changes impact your organisation's short-, medium- and long- term organisation goals?

5.2 Non-Reporting organisations' Interview Questions

Introduction

1. Can you please introduce yourself, and describe your role within the organisation?
2. How long have you been with the organisation, and how many years of experience do you have with your role?

Sustainability Reporting - Motivations, Drivers and Barriers

3. Can you briefly talk about your organisation's culture and objectives?
    - Past studies found organisations engaged in sustainability reporting because of the following organisational objectives: *Profit maximisation, Share price maximisation, Cost minimisation, and Market leadership.*
        I. *Do you agree with these objectives?*

4. Surely, you must have heard the concept of sustainability before, correct (yes/no)?
    - From your own understanding, can you describe the concept of sustainability?
    - From your own perspective, what does a sustainable organisation look like?
    - Now, how well do you think your organisation's objectives align with the value of sustainability?
        - Can you please give some examples of how is this communicated across the organisation?
        - What do you think might inspire an organisation to become a sustainable organisation?
            1. Would you say that your organisation is a sustainable organisation?
            2. If not, what prevents it from happening? And how does your organisation intend to achieve this?

5. From my investigation, your organisation does not seem to disclose much of sustainability-related information in your organisation's annual report or website, let alone a sustainability report.
    - Does your organisation disclose any types of sustainability information in other formats, except from those than have already been mentioned?
        i. If no.
        ii. Can you explain why does your organisation do not undertake SR?

6. Given that there are abundant CSR studies out there that look into motivational drivers of why organisations may not want to undertake sustainability reporting (SR). For this question, I would like you to complete the following table. (*please complete this table in a separate handout*)

Motivating factors	Strongly disagree <-----> Strongly agree				
	1	2	3	4	5
The organisation does not pursue SR because of the lack of internal stakeholder pressure.	○	○	○	○	○
The organisation does not pursue SR because of the lack of external stakeholder pressure.	○	○	○	○	○
The organisation does not pursue SR because there is no public expectations to undertake it.	○	○	○	○	○
The organisation does not pursue SR because there are no material risks for the organisation report against.	○	○	○	○	○
The organisation does not pursue SR because there is no regulatory demands from the government to do so.	○	○	○	○	○
The organisation does not pursue SR because the organisational culture does not encourage it.	○	○	○	○	○
The organisation does not pursue SR because of the organisational internal characteristics, whereby the decisions to pursue SR must be made by the CEO or senior management.	○	○	○	○	○
The organisation does not pursue SR because it perceives as a luxury.	○	○	○	○	○
The organisation does not pursue SR because the costs associated with preparing sustainability information outweighs the benefits.	○	○	○	○	○

The potential impact, and Managers' perceptions and attitudes

7. As mentioned in my project cover sheet, I have been investigating the current state of sustainability reporting by NZX50. From my study, I've found that the rate of sustainability reporting has not really taken off in the same way that it has internationally, let alone the quality of reporting.

- ***See graph 2***. Why do you think sustainability reporting in NZ has not taken-off in the same way that it has internationally?
    i. What do you think might be contributing factors that prevent it from happening?
- From my investigation of all listed organisations within the NZX, as at 31st of December 2016, I found the uptake of sustainability reporting by listed organisation was only 29%,
    i. Given the high percentage of non-reporters, do you agree with this explanation, Milton Freidman states that "***the only social responsibility of organisations is to maximise profits***"?

8. Recently, the NZX has released the new Corporate Governance code (**NZX code**) for its main board's equity issuers to comply, and one of the most talked about topics is the recommendation of non-financial disclosure relating to ESG (Environmental, Social and Governance) reporting. What this does is indirectly enforce every equity issuer to report such information on a *'comply or explain'* basis. To put this in simple terms, if listed organisation decided not to produce non-financial reporting, then they must explain why it has not been reported.
    - So my question to you is: what are your thoughts on this recommendation?
        i. Do you agree or disagree with it?
        ii. Are there any aspects do you agree/disagree with?
        iii. On a scale of 1-10, how committed is your organisation towards these changes?
    - How do you think the changes will impact your organisation's non-financial reporting?
    - According to past studies, the study found organisations' decisions were made based on economic incentives.
        i. Does your organisation intend to change a business model and core values to facilitate with these changes?
        ii. In what ways, how you intend to do this?
    - **Without a stock exchange intervention**, would your organisation have engaged in sustainability reporting?
        i. Yes, in your own words, can you explain why?
    - From your perspective, **instead of a stock exchange intervention**, what else could have been done differently to promote and encourage the uptake of sustainability reporting in NZ?
    - Again, from your perspective, **with a stock exchange intervention**, what are the chances that the changes to NZX code will encourage the uptake of sustainability reporting in NZ?
        i. How will the changes impact the operation of your organisation, and your short-, medium- and long- term organisation goals?

5.3 Market Regulator's Interview questions

Introduction

1. Can you please introduce yourself, and describe your role within the organisation?

2. How long have you been with the organisation, and how many years of experience do you have with your role?

3. Are you the person who is directly/indirectly responsible for the design and implementation of the revised NZX corporate governance code?
   - If yes, what inspired and motivated you, and the [XXX]to revise the code?
   - If no, what do you think might have inspired the [XXX] to revise code?

Rationale behind the revised NZX code

4. As mentioned in my project cover sheet, I have been investigating the current state of sustainability reporting by NZX50. From my study, I've found that the rate of sustainability reporting has not really taken off in the same way that it has internationally, let alone the quality of reporting.
   - My question is: Why do you think sustainability reporting in NZ has not taken-off in the same way that it has internationally?
     i. What do you think might be contributing factors that prevent it from happening?

5. Recently, the NZX has released the new Corporate Governance code (**NZX code**) for its main board's equity issuers to comply, and one of the most talked about topics is the recommendation of non-financial disclosure relating to ESG (Environmental, Social and Governance) reporting. What this does is indirectly enforce every equity issuer to report such information on a *'comply or explain'* basis. To put this in simple terms, if listed organisation decided not to produce non-financial reporting, then they must explain why it has not been reported.
   - What were the drivers behind the [XXX]'s decision to integrate ESG reporting into the revised corporate governance code?
   - Past study suggested that "**the widespread of sustainability reporting has only been achieved so far when mandated by law and regulations**".
     i. My questions is: If the [XXX]'s objective is to promote and encourage the uptake of sustainability reporting among the listed organisations. would it make more sense to have the recommendation of ESG reporting regulated, rather than having it as a comply or explain basis?

   - From my investigation of all listed organisations within the NZX, as at 31st of December 2016, I found the uptake of sustainability reporting by listed organisation was only 29%. To put this in simple terms, 71% of the listed organisation did not report on non-financial information.

i. So my question: do you believe that a *'comply or explain'* basis on the ESG reporting will promote and encourage the uptake of sustainability reporting in NZ?

ii. **Without a stock intervention,** has the [XXX] attempted anything in the past to promote and encourage the uptake of sustainability reporting among the listed organisations?

    1. If not, why now?

iii. From your perspective, **instead of a stock exchange intervention**, what else could the [XXX] have done differently to promote and encourage the uptake of sustainability reporting among the listed organisations?

iv. From your perspective, **with a stock exchange intervention**, what are the chances that the changes will encourage the uptake of sustainability reporting among the listed?

    1. How will the [XXX] "**enforce"** the code to improve the listed organisations' non-financial disclosure behaviours.
    2. And How do you think the changes will impact listed organisations' non-financial reporting practices in the coming year?

6. Do you believe that having the recommendation of ESG reporting as a "comply and explain" basis is a fair game for those listed organisations who may not have resources to report on ESG factors?
    - Or do you think this is the only way to promote and encourage the uptake of SR among the listed organisations?

Appendix 6: The Most and Least Disclosed GRI Items by NZ's Seven Best Reporters

Disclosure Indicator	Hard Disclosure item	Score
Economic Performance	G4-EC1 - Direct Economic Value generated	7
Diversity and Equal Opportunity	G4-LA12 - Composition of senior management and breakdown of employees (age/gender/ethnicity)	7
Local Communities	G4-SO1 - Community engagement, impact assessment development programs and practices	7
Emissions	G4-EN19 - GHG emission reduction initiatives	5
Occupational Health and Safety	G4-LA6 - Injuries, absentee rates and work-related fatalities	5
Economic Performance	G4-EC2 - Financial implications of climate change	4
Energy	G4-EN3 - direct energy consumption	4
Emissions	G4-EN15 - Managing impacts of biodiversity	4
Emissions	G4-EN16 - Direct GHG emissions (Scope 1)	4
Employment	G4-LA1 - Workforce statistics	4
Training and Education	G4-LA11 - % employee receiving regular performance and career development reviews, by gender and by employee category	4
Energy	G4-EN6 - Conservation of energy efficiency	3
Emissions	G4-EN17 - Indirect GHG emissions (Scope 2)	3
Emissions	G4-EN18 - Other indirect GHG emissions (Scope 3)	3
Compliance	G4-EN29 - Fines for environmental non-compliance	3
Customer Health and Safety	G4-PR1 - % of significant product and service, which health and safety impacts are assessed	3
Customer Health and Safety	G4-PR2 - Non - compliance with product safety regulations	3
Customer Privacy	G4-PR8 - Customer privacy	3
Compliance	G4-PR9 - Monetary value of fines for non-compliance with laws and regulations concerning use of products and services	3
Economic Performance	G4-EC4 - Financial assistance received from government	2
Water	G4-EN8 - Water use	2
Effluents and Waste	G4-EN23 - Non-processing waste disposal	2
Effluents and Waste	G4-EN24 - Total number of environmental spills from waste discharges	2
Products and Services	G4-EN27 - Initiatives at mitigate environmental impacts of P&Ss	2
Supplier Environment Assessment	G4-EN33 - Negative environmental impacts in the supply chain and actions taken	2
Employment	G4-LA3 - Return to work and retention rate after parental leave	2
Equal remuneration for Women and Men	G4-LA13 - Ratio of basic salary of men to women by employee category	2
Supplier Human Rights Assessment	G4-HR10 - % of new suppliers that were screened using human rights criteria	2
Supplier Human Rights Assessment	G4-HR11 - Negative human rights in the supply chain and actions taken	2
Economic Performance	G4-EC3 - Coverage of pension obligations	1
Energy	G4-EN5 - Energy intensity	1
Energy	G4-EN7 - Reduction in energy requirements of P&Ss	1
Effluents and Waste	G4-EN22 - Water discharge	1
Supplier Environment Assessment	G4-EN32 - New suppliers that were screened using environmental criteria	1
Occupational Health and Safety	G4-LA5 - Employees covered by collective bargaining agreements / trade union representation, and coverage of total workforce in health and safety committees	1

Training and Education	G4-LA9 - Training hours by employee category	1
Public Policy	G4-SO6 - Contribution to political parties	1
Compliance	G4-SO8 - Significant fines for non-compliance with laws and regulations	1
Supplier Assessment for Impacts on Society	G4-SO9 - % of new suppliers were screened using criteria for impacts on society	1
Supplier Assessment for Impacts on Society	G4-SO10 - Negative impacts on society in the supply chain and actions taken	1
Marketing Communications	G4-PR7 - Non-compliance regarding marketing communications	1
Market Presence	G4-EC5 - Ratio of entry level to minimum wages	0
Market Presence	G4-EC6 - Local hiring of senior management positions	0
Procurement Practices	G4-EC9 - Payments to locally-based suppliers	0
Materials	G4-EN1 - Materials used	0
Materials	G4-EN2 - % of used that are recycled inputs materials	0
Energy	G4-EN4 - Indirect energy consumption	0
Water	G4-EN9 - Water source affected by withdrawal of water	0
Water	G4-EN10 - % water conversion, reuse and recycle	0
Biodiversity	G4-EN11 - land use in protected areas	0
Emissions	G4-EN20 - Ozone-depleting substances by weight	0
Emissions	G4-EN21 - NOx, SOx and other airborne emissions by weight	0
Effluents and Waste	G4-EN25 - Total weight of transported waste	0
Effluents and Waste	G4-EN26 - Significant environment impacts of water sources by waste discharges and spills	0
Products and Services	G4-EN28 - % of recycled products and their packing materials	0
Transport	G4-EN30 - Significant environmental impacts from transportation	0
Expenditures	G4-EN31 - Environmental protection expenditures and investments or environmental protection expenditures	0
Supplier Environment Mechanisms	G4-EN34 - Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	0
Supplier Assessment for Labor Practices	G4-LA14 - % of new suppliers that were screened using Labor practices criteria	0
Supplier Assessment for Labor Practices	G4-LA15 - Negative Labor practices in the supply chain and actions taken	0
Labor Practices Grievance Mechanisms	G4-LA16 - Number of grievances about Labor practices filed, addressed, and resolved through formal grievance mechanisms.	0
Investment	G4-HR1 - Human rights and investment agreement	0
Non-discrimination	G4-HR3 - Incidents of discrimination and actions taken	0
Freedom of Association and Collective Bargaining	G4-HR4 - freedom of association	0
Child Labor	G4-HR5 - Child labour	0
Forced and Compulsory Labor	G4-HR6 - Forced labour	0
Indigenous Rights	G4-HR8 - Total number of incidents of violating involving rights of indigenous people and actions taken	0
Assessment	G4-HR9 - % and total number of operations that have been subject to human rights reviews	0
Human Rights Grievance mechanisms	G4-HR12 - Number of grievances about human rights filed, addressed, and resolved through formal grievance mechanisms	0
Local Communities	G4-SO3 - Corruption analysis - proportion of business nits analysed for risks of corruption	0
Local Communities	G4-SO4 - Anti-corruption training	0
Local Communities	G4-SO5 - Confirmed incidents of corruption, and actions taken	0

Anti-Competitive Behaviour	G4-SO7 - Legal actions for anti-competitive behaviour	0
Product and Service Labeling	G4-PR4 - Non-compliance regarding product labelling	0
Marketing Communications	G4-PR6 - Sale of banned or disputed products	0

Disclosure Indicator	Soft Disclosure item	Score
Indirect Economic Impacts	G4-EC7 - Infrastructure development	6
Product and Service Labeling	G4-PR5 - Customer satisfaction	6
Indirect Economic Impacts	G4-EC8 - Indirect economic impacts	6
Training and Education	G4-LA10 - Programs for skills management and lifelong learning that support the employability of employees and assist them in managing career endings	5
Employment	G4-LA2 - Benefits provided to full-time employees	4
Biodiversity	G4-EN12 - Areas significantly impacted by biodiversity	3
Product and Service Labeling	G4-PR3 - Principles and measures related to product labelling	3
Biodiversity	G4-EN13 - Protection and restoration of habitats	1
Biodiversity	G4-EN14 - IUCN red listed species	1
Occupational Health and Safety	G4-LA7 - Workers with high incidence or high-risk of diseases related to their occupation	1
Occupational Health and Safety	G4-LA8 - Trade unions and safety and health	1
Local Communities	G4-SO2 - Operations and associated communities with significant potential or actual negative impacts	1
Labor/Management Relations	G4-LA4 - Minimum notice periods regarding operational changes	0
Investment	G4-HR2 - Employee training concerning aspects of human rights	0
Security Practices	G4-HR7 - Security personnel and human rights training	0
Grievance Mechanisms for Impacts on Society	G4-SO11 - Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	0

EC1 - EC9	**Economic Performance Indicators**
EN1 - EN34	**Environmental Performance Indicators**
	Social Performance Indicators
LA1 - LA16	Labour Practice Performance Indicators
HR1 - HR12	Human Rights Performance Indicators
SO1 - SO11	Society Performance Indicators
PR1 - PR9	Product Responsibility Performance Indicators

Appendix 7: Statistical Results - Industry Variation 2

7.1 Association tests

7.1.1 1st Association test - Industry and Size

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Dependent Variable						
Size:						
Nat Log of 2016 Sales	20.64	20.40	0.242	0.311	0.777	0.441
Nat Log of 2016 total assets 2016	21.19	20.59	0.598	0.360	1.659	0.104
Nat Log of 2016 market capitalization	21.06	20.43	0.631	0.357	1.768	0.084

Note: Industry 2 is partitioned into high-profile (25 cases) and low-profile (23 cases)

7.1.2 3rd Association test - Industry and Profitability Index

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Independent variable						
Profitability:						
Return on Assets (using EBIT) 2016	8.98%	9.83%	-0.85%	2.02%	-0.422	0.675
Average Return on Assets (using EBIT) 2012-2016	7.44%	10.99%	-3.55%	1.72%	-2.067	0.044
Return on Equity (using EBIT) 2016	17.25%	19.38%	-2.13%	3.84%	-0.554	0.582
Average Return on Equity (using EBIT) 2012-2016	14.10%	22.48%	-8.38%	3.18%	-2.635	0.012

Note: Industry 2 is partitioned into high-profile (25 cases) and low-profile (23 cases)

7.1.3 4th Association test - GRI measures and Industry

	Mean High-profile	Mean Low-profile	Mean diff	SE of diff	t-value	Two-tailed p
Dependent Variable						
GRI Measures:						
Total GRI %	10.55%	9.94%	0.61%	2.07%	0.295	0.769
Total Hard %	9.07%	8.46%	0.60%	2.04%	0.296	0.768
Total Soft %	17.50%	16.85%	0.65%	2.93%	0.223	0.825
Total Eco %	32.89%	28.02%	4.87%	3.09%	1.575	0.122
Total Eco Hard %	24.57%	17.39%	7.18%	2.72%	2.644	0.012
Total Eco Soft %	62.00%	65.22%	-3.22%	8.89%	-0.362	0.719
Total Env %	7.41%	4.86%	2.55%	2.50%	1.022	0.312
Total Env Hard %	7.23%	5.33%	1.90%	2.55%	0.744	0.461
Total Env Soft %	9.33%	0.00%	9.33%	4.09%	2.281	0.032
Total Soc %	8.58%	10.15%	-1.56%	2.11%	-0.742	0.462
Total Soc Hard %	7.68%	9.40%	-1.73%	2.10%	-0.824	0.414
Total Soc Soft %	11.64%	12.65%	-1.01%	3.01%	-0.336	0.739

Note: Industry 2 is partitioned into high-profile (25 cases) and low-profile (23 cases)

7.2 Regression analysis

7.2.1 1st Regression model - Hackston & Milne (1996)

	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.20967	0.93505	0.33390	2.36315	0.02260
Industry (2)	-0.04343	1.98776	-0.00309	-0.02185	0.98267
Return on Assets (using EBIT) 2016	-0.14126	0.14384	-0.13813	-0.98210	0.33142
Constant	-33.74411	19.22144	0.00000	-1.75555	0.08613

Regression measures		ANovA	DF		Sum of squares		Mean squares
Multiple R=	0.36600	Regression	3		316.35556		105.45185
R Square =	0.13376	Residual	44		2048.67687		46.56084
Adjusted R =	0.07470			F=	2365.03243	F=	0.0940
Standard error =	0.06824						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile, n = 48. Industry 2 is partitioned into high-profile (25 cases) and low-profile (23 cases).

7.2.2 Pearson's correlation - GRI measures and Industry

		High-profile industry organisations (n = 25)					Low-profile industry organisations (n = 23)				
		Total GRI %	Total Hard %	Total Eco Hard %	Total Env Hard %	Total Soc Hard %	Total GRI %	Total Hard %	Total Eco Hard %	Total Env Hard %	Total Soc Hard %
Nat Log of Sales 2016	Pearson Correlation	.421*	.434*	0.153	.452*	0.352	0.248	0.250	-0.245	0.322	0.202
	Sig. (2-tailed)	0.036	0.030	0.466	0.023	0.084	0.254	0.250	0.260	0.134	0.356
	Spearman Correlation	.444*	0.387	0.079	0.354	.416*	0.195	0.236	-0.222	0.248	0.241
Nat Log of Market Capitalisation 2016	Pearson Correlation	.525**	.547**	0.083	.623**	.421*	0.244	0.212	-0.147	0.189	0.236
	Sig. (2-tailed)	0.007	0.005	0.692	0.001	0.036	0.261	0.332	0.503	0.389	0.277
	Spearman Correlation	.622**	.600**	0.189	.702**	.534**	0.366	0.310	-0.175	0.194	0.378
Nat Log of Total Assets 2016	Pearson Correlation	.533**	.535**	0.067	.558**	.481*	0.250	0.198	-0.064	0.170	0.218
	Sig. (2-tailed)	0.006	0.006	0.751	0.004	0.015	0.250	0.364	0.770	0.439	0.318
	Spearman Correlation	.634**	.613**	0.114	.649**	.632**	0.340	0.284	0.016	0.181	0.356

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

7.3 2nd Regression model - Overseas listings

7.3.1 Overseas listings

	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.21798	0.93986	0.33516	2.35991	0.02278
Industry (2)	0.03720	1.99518	0.00265	0.01865	0.98521
Overseas listing	1.67305	2.35734	0.10018	0.70972	0.48162
(Constant)	-35.66656	19.21567	0.00000	-1.85612	0.07014

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.35300	Regression	3		295.14191		98.38064
R Square =	0.12479	Residual	44		2069.89052		47.04297
Adjusted R =	0.06512			F=	2365.03243	F=	0.1150
Standard error =	0.06859						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing = overseas listing classification - dummy variable with 1 = US or Canadian listings, 0 = others; n = 48

7.3.2 Overseas listings 1

	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	1.99600	0.93300	0.30200	2.14000	0.03800
Industry (2)	1.64200	1.96700	0.11700	0.83500	0.40800
Overseas listing 1	2.91100	2.33100	0.17400	1.24900	0.21800
(Constant)	-33.81500	18.91100	0.00000	-1.78800	0.08100

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.39500	Regression	3		369.70400		123.23500
R Square =	0.15600	Residual	44		1995.32900		45.34800
Adjusted R =	0.09900			F=	2365.03200	F=	0.0560
Standard error =	0.06734						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing 1 = overseas listing classification - dummy variable with 1 = US, Canada or Europe listings, 0 = others; n = 48

7.3.3 Overseas listings 2

	B	SE B	Beta	t	Sig.
Nat Log of Sales 2016	2.26839	0.93021	0.34278	2.43860	0.01885
Industry (2)	-0.11645	1.98048	-0.00829	-0.05880	0.95338
Overseas listing 2	3.32575	2.78552	0.16722	1.19394	0.23890
(Constant)	-39.07851	19.22763	0.00000	-2.03241	0.04817

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.37800	Regression	3		337.14515		112.38172
R Square =	0.14255	Residual	44		2027.88728		46.08835
Adjusted R =	0.08409			F=	2365.03243	F=	0.0770
Standard error =	0.06789						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing 2 = overseas listing classification - dummy variable with 1 = US, Canada, Europe or Australia listings, 0 = others; n = 48

7.3.4 Overseas listings and Market Capitalisation

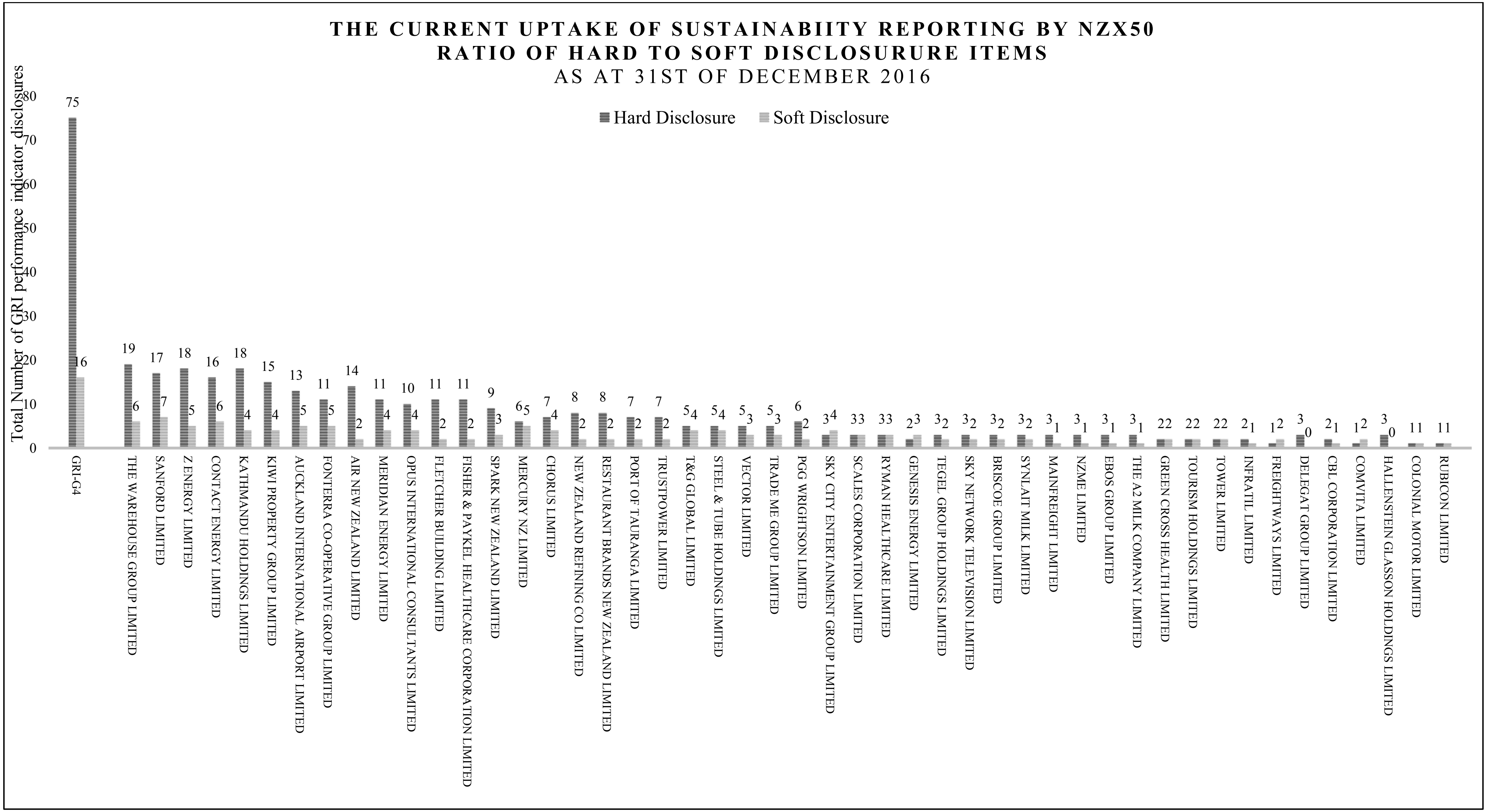
	B	SE B	Beta	t	Sig.
Nat Log of Market Capitalisation 2016	2.20174	0.80502	0.39190	2.73500	0.00896
Industry (2)	-0.81120	2.00967	-0.05773	-0.40364	0.68843
Overseas listing	1.44992	2.31653	0.08682	0.62590	0.53461
(Constant)	-35.35602	16.48243	0.00000	-2.14507	0.03751

Regression measures		ANovA	DF	Sum of Squares		Mean Squares	
Multiple R=	0.39700	Regression	3		371.98136		123.99379
R Square =	0.15728	Residual	44		1993.05107		45.29662
Adjusted R =	0.09983			F=	2365.03243	F=	0.0550
Standard error =	0.06730						

Note: B = regression coefficient; SE B = standard error of regression coefficient; Beta = standardized regression coefficient; Industry = industry classification - dummy variable with 1 = high profile, 0 = low profile; Overseas listing = overseas listing classification - dummy variable with 1 = US or Canadian listings, 0 = others; n = 48

Appendix 8:

8.1 The current uptake of Sustainability Reporting by NZX50 - Ratio of Hard to Soft Disclosure Items



8.2 The current uptake of Sustainability Reporting by NZX50 - Ratio of Hard to Soft Disclosure Items, expressed by sub-groups